

# Internal Revenue bulletin

Bulletin No. 2010-13  
March 29, 2010

## HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

### INCOME TAX

#### **Rev. Rul. 2010-9, page 461.**

**Interest rates; underpayments and overpayments.** The rates for interest determined under section 6621 of the Code for the calendar quarter beginning April 1, 2010, will be 4 percent for overpayments (3 percent in the case of a corporation), 4 percent for underpayments, and 6 percent for large corporate underpayments. The rate of interest paid on the portion of a corporate overpayment exceeding \$10,000 will be 1.5 percent.

#### **Rev. Rul. 2010-10, page 461.**

**Fringe benefits aircraft valuation formula.** The Standard Industry Fare Level (SIFL) cents-per-mile rates and terminal charge in effect for the first half of 2010 are set forth for purposes of determining the value of noncommercial flights on employer-provided aircraft under section 1.61-21(g) of the regulations.

#### **Rev. Proc. 2010-21, page 473.**

**Substitute tax forms and schedules.** Requirements are set forth for privately designed and printed federal tax forms and conditions under which the Service will accept computer prepared, and computer-generated tax forms and schedules. Rev. Proc. 2009-17 superseded.

### TAX CONVENTIONS

#### **Rev. Proc. 2010-19, page 469.**

This procedure provides guidance for taxpayers emigrating from Canada who wish to make an election for U.S. federal income tax purposes under paragraph 7 of Article XIII (Gains) of the US-Canada Treaty with respect to property that is subject to Canadian departure tax under Canada's deemed disposition

rules. The effect of the election will be to relieve double taxation with respect to the property by either giving the taxpayer an adjusted basis in the property for U.S. federal tax purposes or the ability to accelerate U.S. federal income tax on such property at the time of emigration from Canada.

### ADMINISTRATIVE

#### **Announcement 2010-17, page 515.**

This announcement extends the comment period for Announcement 2010-9 until June 1 to allow taxpayers and practitioners sufficient time to study the proposal and analyze its impact. The announcement also clarifies the implementation date for the schedule proposed by Announcement 2010-9 and requests further comment.

Finding Lists begin on page ii.  
Index for begins on page iv.



Department of the Treasury  
Internal Revenue Service

# The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying

the tax law with integrity and fairness to all.

## Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are compiled semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations,

court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

### **Part I.—1986 Code.**

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

### **Part II.—Treaties and Tax Legislation.**

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

### **Part III.—Administrative, Procedural, and Miscellaneous.**

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

### **Part IV.—Items of General Interest.**

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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# Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

## Section 61.—Gross Income Defined

26 CFR 1.61–21: Taxation of fringe benefits.

**Fringe benefits aircraft valuation formula.** The Standard Industry Fare Level (SIFL) cents-per-mile rates and terminal charge in effect for the first half of 2010 are set forth for purposes of determining the value of noncommercial flights on employer-provided aircraft under section 1.61–21(g) of the regulations.

## Rev. Rul. 2010–10

For purposes of the taxation of fringe benefits under section 61 of the Internal Revenue Code, section 1.61–21(g) of the Income Tax Regulations provides a rule for valuing noncommercial flights on employer-provided aircraft. Section 1.61–21(g)(5) provides an aircraft valuation formula to determine the value of such flights. The value of a flight is determined under the base aircraft valuation formula (also known as the Standard Industry Fare

Level formula or SIFL) by multiplying the SIFL cents-per-mile rates applicable for the period during which the flight was taken by the appropriate aircraft multiple provided in section 1.61–21(g)(7) and then adding the applicable terminal charge. The SIFL cents-per-mile rates in the formula and the terminal charge are calculated by the Department of Transportation and are reviewed semi-annually.

The following chart sets forth the terminal charge and SIFL mileage rates:

<i>Period During Which the Flight Is Taken</i>	<i>Terminal Charge</i>	<i>SIFL Mileage Rates</i>
1/1/10 - 6/30/10	\$40.28	Up to 500 miles = \$.2204 per mile  501-1500 miles = \$.1680 per mile  Over 1500 miles = \$.1615 per mile

## DRAFTING INFORMATION

The principal author of this revenue ruling is Kathleen Edmondson of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt/Government Entities). For further information regarding this revenue ruling, contact Ms. Edmondson at (202) 622–0047 (not a toll-free call).

## Section 6621.—Determination of Rate of Interest

26 CFR 301.6621–1: Interest rate.

**Interest rates; underpayments and overpayments.** The rates for interest determined under section 6621 of the Code for the calendar quarter beginning April 1, 2010, will be 4 percent for overpayments (3 percent in the case of a corporation), 4 percent for underpayments, and 6 percent for large corporate underpayments. The rate of interest paid on the portion of a corporate overpayment exceeding \$10,000 will be 1.5 percent.

## Rev. Rul. 2010–9

Section 6621 of the Internal Revenue Code establishes the rates for interest on tax overpayments and tax underpayments. Under section 6621(a)(1), the overpayment rate is the sum of the federal short-term rate plus 3 percentage points (2 percentage points in the case of a corporation), except the rate for the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the sum of the federal short-term rate plus 0.5 of a percentage point. Under section 6621(a)(2), the underpayment rate is the sum of the federal short-term rate plus 3 percentage points.

Section 6621(c) provides that for purposes of interest payable under section 6601 on any large corporate underpayment, the underpayment rate under section 6621(a)(2) is determined by substituting “5 percentage points” for “3 percentage points.” See section 6621(c) and section 301.6621–3 of the Regulations on Procedure and Administration for the definition of a large corporate underpayment and for the rules for determining the applicable date. Section 6621(c) and section

301.6621–3 are generally effective for periods after December 31, 1990.

Section 6621(b)(1) provides that the Secretary will determine the federal short-term rate for the first month in each calendar quarter. Section 6621(b)(2)(A) provides that the federal short-term rate determined under section 6621(b)(1) for any month applies during the first calendar quarter beginning after that month. Section 6621(b)(2)(B) provides that in determining the addition to tax under section 6654 for failure to pay estimated tax for any taxable year, the federal short-term rate that applies during the third month following the taxable year also applies during the first 15 days of the fourth month following the taxable year. Section 6621(b)(3) provides that the federal short-term rate for any month is the federal short-term rate determined during that month by the Secretary in accordance with section 1274(d), rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, the rate is increased to the next highest full percent).

Notice 88–59, 1988–1 C.B. 546, announced that, in determining the quarterly interest rates to be used for overpayments

and underpayments of tax under section 6621, the Internal Revenue Service will use the federal short-term rate based on daily compounding because that rate is most consistent with section 6621 which, pursuant to section 6622, is subject to daily compounding.

The federal short-term rate determined in accordance with section 1274(d) during January 2010 is the rate published in Revenue Ruling 2010-6, 2010-6 I.R.B. 387 to take effect beginning February 1, 2010. The federal short-term rate, rounded to the nearest full percent, based on daily compounding determined during the month of January 2010 is 1 percent. Accordingly, an overpayment rate of 4 percent (3 percent in the case of a corporation) and an underpayment rate of 4 percent are established

for the calendar quarter beginning April 1, 2010. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 for the calendar quarter beginning April 1, 2010, is 1.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning April 1, 2010, is 6 percent. These rates apply to amounts bearing interest during that calendar quarter.

Under section 6621(b)(2)(B), the rate for determining the addition to tax for failure to pay estimated tax for the first 15 days in April 2010 is the 4 percent rate that applied to underpayments of tax during the first calendar quarter in 2010.

Interest factors for daily compound interest for annual rates of 1.5 percent, 3 percent, 4 percent, and 6 percent are published

in Tables 8, 11, 13, and 17 of Rev. Proc. 95-17, 1995-1 C.B. 556, 562, 565, 567, and 571.

Annual interest rates to be compounded daily pursuant to section 6622 that apply for prior periods are set forth in the tables accompanying this revenue ruling.

#### DRAFTING INFORMATION

The principal author of this revenue ruling is Deborah Colbert-James of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this revenue ruling, contact Ms. Colbert-James at (202) 622-8143 (not a toll-free call).

TABLE OF INTEREST RATES  
PERIODS BEFORE JUL. 1, 1975 — PERIODS ENDING DEC. 31, 1986  
OVERPAYMENTS AND UNDERPAYMENTS

PERIOD	RATE	In 1995-1 C.B. DAILY RATE TABLE
Before Jul. 1, 1975	6%	Table 2, pg. 557
Jul. 1, 1975—Jan. 31, 1976	9%	Table 4, pg. 559
Feb. 1, 1976—Jan. 31, 1978	7%	Table 3, pg. 558
Feb. 1, 1978—Jan. 31, 1980	6%	Table 2, pg. 557
Feb. 1, 1980—Jan. 31, 1982	12%	Table 5, pg. 560
Feb. 1, 1982—Dec. 31, 1982	20%	Table 6, pg. 560
Jan. 1, 1983—Jun. 30, 1983	16%	Table 37, pg. 591
Jul. 1, 1983—Dec. 31, 1983	11%	Table 27, pg. 581
Jan. 1, 1984—Jun. 30, 1984	11%	Table 75, pg. 629
Jul. 1, 1984—Dec. 31, 1984	11%	Table 75, pg. 629
Jan. 1, 1985—Jun. 30, 1985	13%	Table 31, pg. 585
Jul. 1, 1985—Dec. 31, 1985	11%	Table 27, pg. 581
Jan. 1, 1986—Jun. 30, 1986	10%	Table 25, pg. 579
Jul. 1, 1986—Dec. 31, 1986	9%	Table 23, pg. 577

TABLE OF INTEREST RATES  
FROM JAN. 1, 1987 — DEC. 31, 1998

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Jan. 1, 1987—Mar. 31, 1987	8%	21	575	9%	23	577
Apr. 1, 1987—Jun. 30, 1987	8%	21	575	9%	23	577
Jul. 1, 1987—Sep. 30, 1987	8%	21	575	9%	23	577
Oct. 1, 1987—Dec. 31, 1987	9%	23	577	10%	25	579
Jan. 1, 1988—Mar. 31, 1988	10%	73	627	11%	75	629
Apr. 1, 1988—Jun. 30, 1988	9%	71	625	10%	73	627
Jul. 1, 1988—Sep. 30, 1988	9%	71	625	10%	73	627
Oct. 1, 1988—Dec. 31, 1988	10%	73	627	11%	75	629
Jan. 1, 1989—Mar. 31, 1989	10%	25	579	11%	27	581

TABLE OF INTEREST RATES  
FROM JAN. 1, 1987 — DEC. 31, 1998

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Apr. 1, 1989—Jun. 30, 1989	11%	27	581	12%	29	583
Jul. 1, 1989—Sep. 30, 1989	11%	27	581	12%	29	583
Oct. 1, 1989—Dec. 31, 1989	10%	25	579	11%	27	581
Jan. 1, 1990—Mar. 31, 1990	10%	25	579	11%	27	581
Apr. 1, 1990—Jun. 30, 1990	10%	25	579	11%	27	581
Jul. 1, 1990—Sep. 30, 1990	10%	25	579	11%	27	581
Oct. 1, 1990—Dec. 31, 1990	10%	25	579	11%	27	581
Jan. 1, 1991—Mar. 31, 1991	10%	25	579	11%	27	581
Apr. 1, 1991—Jun. 30, 1991	9%	23	577	10%	25	579
Jul. 1, 1991—Sep. 30, 1991	9%	23	577	10%	25	579
Oct. 1, 1991—Dec. 31, 1991	9%	23	577	10%	25	579
Jan. 1, 1992—Mar. 31, 1992	8%	69	623	9%	71	625
Apr. 1, 1992—Jun. 30, 1992	7%	67	621	8%	69	623
Jul. 1, 1992—Sep. 30, 1992	7%	67	621	8%	69	623
Oct. 1, 1992—Dec. 31, 1992	6%	65	619	7%	67	621
Jan. 1, 1993—Mar. 31, 1993	6%	17	571	7%	19	573
Apr. 1, 1993—Jun. 30, 1993	6%	17	571	7%	19	573
Jul. 1, 1993—Sep. 30, 1993	6%	17	571	7%	19	573
Oct. 1, 1993—Dec. 31, 1993	6%	17	571	7%	19	573
Jan. 1, 1994—Mar. 31, 1994	6%	17	571	7%	19	573
Apr. 1, 1994—Jun. 30, 1994	6%	17	571	7%	19	573
Jul. 1, 1994—Sep. 30, 1994	7%	19	573	8%	21	575
Oct. 1, 1994—Dec. 31, 1994	8%	21	575	9%	23	577
Jan. 1, 1995—Mar. 31, 1995	8%	21	575	9%	23	577
Apr. 1, 1995—Jun. 30, 1995	9%	23	577	10%	25	579
Jul. 1, 1995—Sep. 30, 1995	8%	21	575	9%	23	577
Oct. 1, 1995—Dec. 31, 1995	8%	21	575	9%	23	577
Jan. 1, 1996—Mar. 31, 1996	8%	69	623	9%	71	625
Apr. 1, 1996—Jun. 30, 1996	7%	67	621	8%	69	623
Jul. 1, 1996—Sep. 30, 1996	8%	69	623	9%	71	625
Oct. 1, 1996—Dec. 31, 1996	8%	69	623	9%	71	625
Jan. 1, 1997—Mar. 31, 1997	8%	21	575	9%	23	577
Apr. 1, 1997—Jun. 30, 1997	8%	21	575	9%	23	577
Jul. 1, 1997—Sep. 30, 1997	8%	21	575	9%	23	577
Oct. 1, 1997—Dec. 31, 1997	8%	21	575	9%	23	577
Jan. 1, 1998—Mar. 31, 1998	8%	21	575	9%	23	577
Apr. 1, 1998—Jun. 30, 1998	7%	19	573	8%	21	575
Jul. 1, 1998—Sep. 30, 1998	7%	19	573	8%	21	575
Oct. 1, 1998—Dec. 31, 1998	7%	19	573	8%	21	575

TABLE OF INTEREST RATES  
FROM JANUARY 1, 1999 — PRESENT  
NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	RATE	1995-1 C.B.	PG
		TABLE	
Jan. 1, 1999—Mar. 31, 1999	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	9%	71	625

TABLE OF INTEREST RATES  
FROM JANUARY 1, 1999 — PRESENT  
NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	RATE	1995-1 C.B. TABLE	PG
Oct. 1, 2000—Dec. 31, 2000	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	8%	21	575
Apr. 1, 2007—Jun. 30, 2007	8%	21	575
Jul. 1, 2007—Sep. 30, 2007	8%	21	575
Oct. 1, 2007—Dec. 31, 2007	8%	21	575
Jan. 1, 2008—Mar. 31, 2008	7%	67	621
Apr. 1, 2008—Jun. 30, 2008	6%	65	619
Jul. 1, 2008—Sep. 30, 2008	5%	63	617
Oct. 1, 2008—Dec. 31, 2008	6%	65	619
Jan. 1, 2009—Mar. 31, 2009	5%	15	569
Apr. 1, 2009—Jun. 30, 2009	4%	13	567
Jul. 1, 2009—Sep. 30, 2009	4%	13	567
Oct. 1, 2009—Dec. 31, 2009	4%	13	567
Jan. 1, 2010—Mar. 31, 2010	4%	13	567
Apr. 1, 2010—Jun. 30, 2010	4%	13	567

TABLE OF INTEREST RATES  
FROM JANUARY 1, 1999 — PRESENT  
CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Jan. 1, 1999—Mar. 31, 1999	6%	17	571	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	7%	19	573	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	7%	19	573	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	7%	19	573	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	7%	67	621	8%	69	623

TABLE OF INTEREST RATES  
FROM JANUARY 1, 1999 — PRESENT  
CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Apr. 1, 2000—Jun. 30, 2000	8%	69	623	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	8%	69	623	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	8%	69	623	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	8%	21	575	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	7%	19	573	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	6%	17	571	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	6%	17	571	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	5%	15	569	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	5%	15	569	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	5%	15	569	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	5%	15	569	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	4%	13	567	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	4%	13	567	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	4%	13	567	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	3%	11	565	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	3%	59	613	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	4%	61	615	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	3%	59	613	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	4%	61	615	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	4%	13	567	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	5%	15	569	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	5%	15	569	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	6%	17	571	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	6%	17	571	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	6%	17	571	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	7%	19	573	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	7%	19	573	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	7%	19	573	8%	21	575
Apr. 1, 2007—Jun. 30, 2007	7%	19	573	8%	21	575
Jul. 1, 2007—Sep. 30, 2007	7%	19	573	8%	21	575
Oct. 1, 2007—Dec. 31, 2007	7%	19	573	8%	21	575
Jan. 1, 2008—Mar. 31, 2008	6%	65	619	7%	67	621
Apr. 1, 2008—Jun. 30, 2008	5%	63	617	6%	65	619
Jul. 1, 2008—Sep. 30, 2008	4%	61	615	5%	63	617
Oct. 1, 2008—Dec. 31, 2008	5%	63	617	6%	65	619
Jan. 1, 2009—Mar. 31, 2009	4%	13	567	5%	15	569
Apr. 1, 2009—Jun. 30, 2009	3%	11	565	4%	13	567
Jul. 1, 2009—Sep. 30, 2009	3%	11	565	4%	13	567
Oct. 1, 2009—Dec. 31, 2009	3%	11	565	4%	13	567
Jan. 1, 2010—Mar. 31, 2010	3%	11	565	4%	13	567
Apr. 1, 2010—Jun. 30, 2010	3%	11	565	4%	13	567

TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1991—Mar. 31, 1991	13%	31	585
Apr. 1, 1991—Jun. 30, 1991	12%	29	583
Jul. 1, 1991—Sep. 30, 1991	12%	29	583
Oct. 1, 1991—Dec. 31, 1991	12%	29	583

TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1992—Mar. 31, 1992	11%	75	629
Apr. 1, 1992—Jun. 30, 1992	10%	73	627
Jul. 1, 1992—Sep. 30, 1992	10%	73	627
Oct. 1, 1992—Dec. 31, 1992	9%	71	625
Jan. 1, 1993—Mar. 31, 1993	9%	23	577
Apr. 1, 1993—Jun. 30, 1993	9%	23	577
Jul. 1, 1993—Sep. 30, 1993	9%	23	577
Oct. 1, 1993—Dec. 31, 1993	9%	23	577
Jan. 1, 1994—Mar. 31, 1994	9%	23	577
Apr. 1, 1994—Jun. 30, 1994	9%	23	577
Jul. 1, 1994—Sep. 30, 1994	10%	25	579
Oct. 1, 1994—Dec. 31, 1994	11%	27	581
Jan. 1, 1995—Mar. 31, 1995	11%	27	581
Apr. 1, 1995—Jun. 30, 1995	12%	29	583
Jul. 1, 1995—Sep. 30, 1995	11%	27	581
Oct. 1, 1995—Dec. 31, 1995	11%	27	581
Jan. 1, 1996—Mar. 31, 1996	11%	75	629
Apr. 1, 1996—Jun. 30, 1996	10%	73	627
Jul. 1, 1996—Sep. 30, 1996	11%	75	629
Oct. 1, 1996—Dec. 31, 1996	11%	75	629
Jan. 1, 1997—Mar. 31, 1997	11%	27	581
Apr. 1, 1997—Jun. 30, 1997	11%	27	581
Jul. 1, 1997—Sep. 30, 1997	11%	27	581
Oct. 1, 1997—Dec. 31, 1997	11%	27	581
Jan. 1, 1998—Mar. 31, 1998	11%	27	581
Apr. 1, 1998—Jun. 30, 1998	10%	25	579
Jul. 1, 1998—Sep. 30, 1998	10%	25	579
Oct. 1, 1998—Dec. 31, 1998	10%	25	579
Jan. 1, 1999—Mar. 31, 1999	9%	23	577
Apr. 1, 1999—Jun. 30, 1999	10%	25	579
Jul. 1, 1999—Sep. 30, 1999	10%	25	579
Oct. 1, 1999—Dec. 31, 1999	10%	25	579
Jan. 1, 2000—Mar. 31, 2000	10%	73	627
Apr. 1, 2000—Jun. 30, 2000	11%	75	629
Jul. 1, 2000—Sep. 30, 2000	11%	75	629
Oct. 1, 2000—Dec. 31, 2000	11%	75	629
Jan. 1, 2001—Mar. 31, 2001	11%	27	581
Apr. 1, 2001—Jun. 30, 2001	10%	25	579
Jul. 1, 2001—Sep. 30, 2001	9%	23	577
Oct. 1, 2001—Dec. 31, 2001	9%	23	577
Jan. 1, 2002—Mar. 31, 2002	8%	21	575
Apr. 1, 2002—Jun. 30, 2002	8%	21	575
Jul. 1, 2002—Sep. 30, 2002	8%	21	575
Oct. 1, 2002—Dec. 30, 2002	8%	21	575
Jan. 1, 2003—Mar. 31, 2003	7%	19	573
Apr. 1, 2003—Jun. 30, 2003	7%	19	573
Jul. 1, 2003—Sep. 30, 2003	7%	19	573
Oct. 1, 2003—Dec. 31, 2003	6%	17	571
Jan. 1, 2004—Mar. 31, 2004	6%	65	619
Apr. 1, 2004—Jun. 30, 2004	7%	67	621
Jul. 1, 2004—Sep. 30, 2004	6%	65	619
Oct. 1, 2004—Dec. 31, 2004	7%	67	621
Jan. 1, 2005—Mar. 31, 2005	7%	19	573
Apr. 1, 2005—Jun. 30, 2005	8%	21	575
Jul. 1, 2005—Sep. 30, 2005	8%	21	575
Oct. 1, 2005—Dec. 31, 2005	9%	23	577
Jan. 1, 2006—Mar. 31, 2006	9%	23	577



TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Apr. 1, 2006—Jun. 30, 2006	9%	23	577
Jul. 1, 2006—Sep. 30, 2006	10%	25	579
Oct. 1, 2006—Dec. 31, 2006	10%	25	579
Jan. 1, 2007—Mar. 31, 2007	10%	25	579
Apr. 1, 2007—Jun. 30, 2007	10%	25	579
Jul. 1, 2007—Sep. 30, 2007	10%	25	579
Oct. 1, 2007—Dec. 31, 2007	10%	25	579
Jan. 1, 2008—Mar. 31, 2008	9%	71	625
Apr. 1, 2008—Jun. 30, 2008	8%	69	623
Jul. 1, 2008—Sep. 30, 2008	7%	67	621
Oct. 1, 2008—Dec. 31, 2008	8%	69	623
Jan. 1, 2009—Mar. 31, 2009	7%	19	573
Apr. 1, 2009—Jun. 30, 2009	6%	17	571
Jul. 1, 2009—Sep. 30, 2009	6%	17	571
Oct. 1, 2009—Dec. 31, 2009	6%	17	571
Jan. 1, 2010—Mar. 31, 2010	6%	17	571
Apr. 1, 2010—Jun. 30, 2010	6%	17	571

TABLE OF INTEREST RATES FOR CORPORATE  
OVERPAYMENTS EXCEEDING \$10,000  
FROM JANUARY 1, 1995 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1995—Mar. 31, 1995	6.5%	18	572
Apr. 1, 1995—Jun. 30, 1995	7.5%	20	574
Jul. 1, 1995—Sep. 30, 1995	6.5%	18	572
Oct. 1, 1995—Dec. 31, 1995	6.5%	18	572
Jan. 1, 1996—Mar. 31, 1996	6.5%	66	620
Apr. 1, 1996—Jun. 30, 1996	5.5%	64	618
Jul. 1, 1996—Sep. 30, 1996	6.5%	66	620
Oct. 1, 1996—Dec. 31, 1996	6.5%	66	620
Jan. 1, 1997—Mar. 31, 1997	6.5%	18	572
Apr. 1, 1997—Jun. 30, 1997	6.5%	18	572
Jul. 1, 1997—Sep. 30, 1997	6.5%	18	572
Oct. 1, 1997—Dec. 31, 1997	6.5%	18	572
Jan. 1, 1998—Mar. 31, 1998	6.5%	18	572
Apr. 1, 1998—Jun. 30, 1998	5.5%	16	570
Jul. 1, 1998—Sep. 30, 1998	5.5%	16	570
Oct. 1, 1998—Dec. 31, 1998	5.5%	16	570
Jan. 1, 1999—Mar. 31, 1999	4.5%	14	568
Apr. 1, 1999—Jun. 30, 1999	5.5%	16	570
Jul. 1, 1999—Sep. 30, 1999	5.5%	16	570
Oct. 1, 1999—Dec. 31, 1999	5.5%	16	570
Jan. 1, 2000—Mar. 31, 2000	5.5%	64	618
Apr. 1, 2000—Jun. 30, 2000	6.5%	66	620
Jul. 1, 2000—Sep. 30, 2000	6.5%	66	620
Oct. 1, 2000—Dec. 31, 2000	6.5%	66	620
Jan. 1, 2001—Mar. 31, 2001	6.5%	18	572
Apr. 1, 2001—Jun. 30, 2001	5.5%	16	570
Jul. 1, 2001—Sep. 30, 2001	4.5%	14	568
Oct. 1, 2001—Dec. 31, 2001	4.5%	14	568
Jan. 1, 2002—Mar. 31, 2002	3.5%	12	566

TABLE OF INTEREST RATES FOR CORPORATE  
OVERPAYMENTS EXCEEDING \$10,000  
FROM JANUARY 1, 1995 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Apr. 1, 2002—Jun. 30, 2002	3.5%	12	566
Jul. 1, 2002—Sep. 30, 2002	3.5%	12	566
Oct. 1, 2002—Dec. 31, 2002	3.5%	12	566
Jan. 1, 2003—Mar. 31, 2003	2.5%	10	564
Apr. 1, 2003—Jun. 30, 2003	2.5%	10	564
Jul. 1, 2003—Sep. 30, 2003	2.5%	10	564
Oct. 1, 2003—Dec. 31, 2003	1.5%	8	562
Jan. 1, 2004—Mar. 31, 2004	1.5%	56	610
Apr. 1, 2004—Jun. 30, 2004	2.5%	58	612
Jul. 1, 2004—Sep. 30, 2004	1.5%	56	610
Oct. 1, 2004—Dec. 31, 2004	2.5%	58	612
Jan. 1, 2005—Mar. 31, 2005	2.5%	10	564
Apr. 1, 2005—Jun. 30, 2005	3.5%	12	566
Jul. 1, 2005—Sep. 30, 2005	3.5%	12	566
Oct. 1, 2005—Dec. 31, 2005	4.5%	14	568
Jan. 1, 2006—Mar. 31, 2006	4.5%	14	568
Apr. 1, 2006—Jun. 30, 2006	4.5%	14	568
Jul. 1, 2006—Sep. 30, 2006	5.5%	16	570
Oct. 1, 2006—Dec. 31, 2006	5.5%	16	570
Jan. 1, 2007—Mar. 31, 2007	5.5%	16	570
Apr. 1, 2007—Jun. 30, 2007	5.5%	16	570
Jul. 1, 2007—Sep. 30, 2007	5.5%	16	570
Oct. 1, 2007—Dec. 31, 2007	5.5%	16	570
Jan. 1, 2008—Mar. 31, 2008	4.5%	62	616
Apr. 1, 2008—Jun. 30, 2008	3.5%	60	614
Jul. 1, 2008—Sep. 30, 2008	2.5%	58	612
Oct. 1, 2008—Dec. 31, 2008	3.5%	60	614
Jan. 1, 2009—Mar. 31, 2009	2.5%	10	564
Apr. 1, 2009—Jun. 30, 2009	1.5%	8	562
Jul. 1, 2009—Sep. 30, 2009	1.5%	8	562
Oct. 1, 2009—Dec. 31, 2009	1.5%	8	562
Jan. 1, 2010—Mar. 31, 2010	1.5%	8	562
Apr. 1, 2010—Jun. 30, 2010	1.5%	8	562

## Part III. Administrative, Procedural, and Miscellaneous

26 CFR 1.601.602: Tax forms and instructions.  
(Also Part I, Section 894; Part II, United States—Canada Income Tax Convention.)

### Rev. Proc. 2010–19

#### SECTION 1. PURPOSE

This revenue procedure provides guidance for individuals who emigrate from Canada and wish to make an election for U.S. federal income tax purposes under paragraph 7 of Article XIII (Gains) of the Convention between the United States of America and Canada with Respect to Taxes on Income and on Capital, signed on September 26, 1980, as amended by Protocols signed on June 14, 1983, March 28, 1984, March 17, 1995, July 29, 1997, and September 21, 2007 (the “Treaty”) with respect to property that is subject to Canadian departure tax under Canada’s deemed alienation rules (the terms “alienation” and “disposition” are used interchangeably throughout this revenue procedure). This guidance is limited to the circumstances described in the revenue procedure and therefore does not address other situations in which the election under Article XIII(7) may be available.

#### SECTION 2. BACKGROUND

Prior to amendment by the Protocol signed on September 21, 2007 (the “2007 Protocol”), Article XIII(7) of the Treaty provided that where, at any time, an individual was treated for purposes of taxation by one Contracting State as having disposed of property and was taxed in that State by reason thereof and the domestic law of the other Contracting State at such time deferred (but did not forgive) taxation, that individual could elect on his annual return of income for the year of such disposition to be liable to tax in the other Contracting State in that year as if he had, immediately before that time, sold and repurchased such property for an amount equal to its fair market value at that time.

Instances of double taxation arose under the prior version of Article XIII(7). Canadian residents who emigrated from Canada to the United States and paid Canadian departure tax on a deemed dis-

position of their property could not elect to be liable for U.S. federal income tax on a deemed disposition of their property if they were not U.S. citizens immediately before they ceased to be residents of Canada and would not otherwise have been subject to U.S. federal income tax on a disposition of the property.

Article XIII(7) of the Treaty was amended by the 2007 Protocol (“new Article XIII(7)”) to provide that where, at any time, an individual is treated for purposes of taxation by one Contracting State as having disposed of a property and is taxed in that State by reason thereof, the individual may elect to be treated for the purposes of taxation in the other Contracting State, in the year that includes that time and all subsequent years, as if the individual had, immediately before that time, sold and repurchased the property for an amount equal to its fair market value at that time.

Thus, under new Article XIII(7) the election is now available to any individual who emigrates from Canada to the United States, without regard to whether the individual was a U.S. citizen immediately before ceasing to be a resident of Canada (or would otherwise have been subject to U.S. federal income tax on a disposition of property). If the individual is not subject to U.S. federal income tax at the time of emigration, the effect of the election will be to give the individual an adjusted basis in the relevant property for U.S. federal income tax purposes equal to the fair market value of the property as of the date of the deemed disposition in Canada, with the result that only post-emigration gain will be subject to U.S. federal income tax when there is a disposition of the property. As was the case prior to the changes made by the 2007 Protocol, if the Canadian resident is also a U.S. citizen at the time of his emigration from Canada or otherwise would be subject to taxation in the United States on a disposition of the property (e.g., the property is real property situated in the United States (within the meaning of Article XIII(3)(a) of the Treaty)), the individual may elect to be liable to tax in the United States in that year as if he had, immediately before the date of emigration, sold and repurchased such property for an amount equal to its fair market value (which means that the individ-

ual may elect to accelerate the U.S. federal income tax on the deemed disposition). In that case, relief from double taxation would be governed by the rules of Article XXIV (Elimination of Double Taxation) of the Treaty.

The rule in new Article XIII(7) was publicly announced in simultaneous press releases issued on September 18, 2000, by the Department of Finance Canada and the U.S. Treasury Department. The press releases stated that the new rule, if approved, would apply to changes in residence that took place on and after September 18, 2000. Consistent with the press releases, paragraph 3(e) of Article 27 of the 2007 Protocol provides that new Article XIII(7) will have effect with respect to dispositions of property that occur (including, for greater certainty, those that are deemed under the law of a Contracting State to occur) after September 17, 2000.

#### SECTION 3. SCOPE

This revenue procedure provides guidance for taxpayers making an election with respect to changes in residence for taxpayers who emigrate from Canada after September 17, 2000. Sections 4.01 and 4.02 provide procedures for taxpayers who emigrate from Canada on or after March 29, 2010. Sections 4.03 and 4.04 provide procedures for taxpayers who emigrated from Canada after September 17, 2000, and before March 29, 2010, and who are not time barred from making the election. Section 4.05 provides rules for deemed dispositions of multiple properties.

#### SECTION 4. ELECTION PROCEDURES AND EFFECT OF ELECTION

**.01 Election for property of an individual emigrating from Canada on or after March 29, 2010, with respect to which a disposition of the property would have been taxable by the United States (“Prospective elections for property taxable by United States”)**

(1) Subject to section 4.05 of this revenue procedure (Deemed disposition of multiple properties), the rules in this sec-

tion 4.01 apply, in the case of a change in residence that occurs on or after March 29, 2010, to a Canadian emigrant's property that was subject to Canadian departure tax under Canada's deemed disposition rules and with respect to which a disposition immediately before the individual's change of residence would have been subject to tax by the United States in accordance with the Treaty. Such property includes (but is not limited to) the following:

(a) real property situated in the United States (within the meaning of Article XIII(3)(a) of the Treaty) with respect to which gain from a disposition would be taxable by the United States pursuant to Article XIII(1) of the Treaty,

(b) personal property forming part of the business property of a permanent establishment which a resident of Canada has or had (within the twelve-month period preceding the date of disposition) in the United States, with respect to which gain from a disposition would be taxable by the United States pursuant to Article XIII(2) of the Treaty, and

(c) property with respect to which gain from a disposition would be taxable by the United States pursuant to paragraph 2 of Article XXIX (Miscellaneous Rules) of the Treaty (*i.e.*, the saving clause).

(2) If an individual with property that is subject to the rules of this section 4.01 makes an election pursuant to new Article XIII(7) to be treated as having disposed of and reacquired such property, the individual must recognize gain (and, if permitted by section 4.05 of this revenue procedure, loss) in the taxable year of the deemed disposition. If the individual is not a U.S. citizen at the time of the deemed disposition (but is still a resident of Canada), alleviation of double taxation is governed by paragraph 2 of Article XXIV (Elimination of Double Taxation) of the Treaty. If the individual is both a U.S. citizen and a resident of Canada at the time of the deemed disposition, however, alleviation of double taxation is governed by the rules of paragraph 4 of Article XXIV of the Treaty.

(3) The individual must make the election by reporting the deemed disposition on the individual's timely filed U.S. federal income tax return for the individual's first taxable year ending after the individual's change of residence and attaching a Form 8833, *Treaty Based Return Position*

*Disclosure under section 6114 or 7701(b) of the Internal Revenue Code*, stating that the individual is making an election to pay U.S. federal income tax on a deemed disposition of property pursuant to new Article XIII(7). The individual must attach documentation establishing the fair market value of the property, as determined under Canada's deemed disposition rules, and confirming that gain (and, if permitted by section 4.05 of this revenue procedure, loss) was recognized and properly reported for Canadian tax purposes for the taxable year of the deemed disposition. The individual must retain copies of the Form 8833 and accompanying documentation (including the information reported to Canada) as required pursuant to section 6001 of the Code and the regulations promulgated thereunder.

**.02 Election for property of an individual emigrating from Canada on or after March 29, 2010, with respect to which a disposition of the property would not have been taxable by the United States ("Prospective elections for property not taxable by United States")**

(1) Subject to section 4.05 of this revenue procedure (Deemed disposition of multiple properties), in the case of a change of residence that takes place on or after March 29, 2010, the rules in this section 4.02 apply to a Canadian emigrant's property that was subject to Canadian departure tax under Canada's deemed disposition rules but with respect to which a disposition immediately before the individual's change of residence would not have been subject to U.S. federal income tax.

(2) If an individual with property that is subject to the rules of this section 4.02 elects for U.S. federal income tax purposes to be treated as having disposed of and reacquired such property pursuant to new Article XIII(7), the individual takes an adjusted basis in such property for U.S. federal income tax purposes equal to the fair market value of the property as of the date of the deemed disposition under Canada's deemed disposition rules if the individual complies with the requirements of paragraph (3) of this section 4.02. An individual who makes this election will not be subject to U.S. federal income tax, solely

as a result of the election, with respect to the deemed disposition of such property.

(3) The individual must make the election by reporting the deemed disposition on the individual's timely filed U.S. federal income tax return for the individual's first taxable year ending after the individual's change of residence and by attaching a Form 8833 to such return, indicating on the form that for U.S. federal income tax purposes the individual is electing pursuant to new Article XIII(7) to take an adjusted basis in the property equal to its fair market value as of the date of the deemed disposition under Canada's deemed disposition rules. The individual must attach the documentation described in section 4.01(3) of this revenue procedure and must retain copies of the Form 8833 and accompanying documentation (including the information reported to Canada) as required pursuant to section 6001 of the Code and the regulations promulgated thereunder.

**.03 Election for property of an individual emigrating from Canada after September 17, 2000, and before March 29, 2010, with respect to which a disposition of the property would have been taxable by the United States ("Retroactive elections for property taxable by United States")**

(1) Subject to section 4.05 of this revenue procedure (Deemed disposition of multiple properties), in the case of a change of residence that took place after September 17, 2000, and before March 29, 2010, the rules in this section 4.03 apply to a Canadian emigrant's property that was subject to Canadian departure tax under Canada's deemed disposition rules and with respect to which a disposition immediately before the individual's change of residence would have been subject to tax by the United States in accordance with the Treaty. See section 4.01(1) of this revenue procedure for examples of such property.

(2) If an individual with property that is subject to the rules of this section 4.03 makes an election pursuant to new Article XIII(7) to be treated as having disposed of and reacquired such property immediately prior to emigration, the individual must recognize gain (and, if permitted by section 4.05 of this revenue procedure, loss)

in the taxable year of the deemed disposition. If the individual was not a U.S. citizen at the time of the deemed disposition (but was still a resident of Canada), alleviation of double taxation is governed by paragraph 2 of Article XXIV (Elimination of Double Taxation) of the Treaty. If the individual was both a U.S. citizen and a resident of Canada at the time of the deemed disposition, however, alleviation of double taxation is governed by the rules of paragraph 4 of Article XXIV of the Treaty.

(3) The individual must make the election by reporting the deemed disposition on an amended federal income tax return for the open taxable year that includes the date of emigration and attaching a Form 8833 stating that the individual is making an election to pay U.S. tax on a deemed disposition of property in the taxable year that includes the date of emigration pursuant to new Article XIII(7). Thus, an individual may make an election with retroactive effect only if the statute of limitations under 6511 of the Internal Revenue Code is open. Appropriate adjustments must be made to avoid duplicate benefits in years with respect to which the statute of limitations on assessment and collection, as set out under section 6501 through 6504, is closed. If the statute of limitations is closed with respect to the year of the deemed disposition, then the individual is time barred from making an election with respect to such property (however, the individual may still be able to make the election with respect to property described in section 4.04 (Retroactive elections for property not taxable by United States), subject to section 4.05(2) of this revenue procedure (Deemed dispositions of multiple properties)). The individual must attach the documentation described in section 4.01(3) of this revenue procedure and must retain copies of the Form 8833 and accompanying documentation (including the information reported to Canada) as required pursuant to section 6001 of the Code and the regulations promulgated thereunder.

(4) If, prior to March 29, 2010, an individual who had property the disposition of which would have been subject to tax by the United States at the time of emigration made an election with respect to such property under Article XIII(7) by attaching a Form 8833 or similar statement to a

timely filed federal income tax return for the taxable year that included the date of the deemed disposition, the IRS will not challenge such election (and the individual is not required to make a new election under this revenue procedure) provided that the election is not inconsistent with the principles set out in this revenue procedure and that the individual has filed all U.S. federal income tax returns and information returns consistent with such election.

**.04 Election for property of an individual emigrating from Canada after September 17, 2000, and before March 29, 2010, with respect to which a disposition of the property would not have been taxable by the United States (“Retroactive elections for property not taxable by United States”)**

(1) Subject to section 4.05 of this revenue procedure (Deemed dispositions of multiple properties), in the case of a change of residence that took place after September 17, 2000, and before March 29, 2010, the rules in this section 4.04 apply to a Canadian emigrant’s property that was subject to Canadian departure tax under Canada’s deemed disposition rules but with respect to which a disposition immediately before the individual’s change of residence would not have been taxable by the United States.

(2) If an individual with property that is subject to the rules of this section 4.04 elects for U.S. federal income tax purposes to be treated as having disposed of and reacquired such property pursuant to new Article XIII(7), the individual takes an adjusted basis in such property for U.S. federal income tax purposes equal to the fair market value of the property as of the date of the deemed disposition under Canada’s deemed disposition rules, if he complies with the requirements of paragraph (3) of this section 4.04. An individual who makes this election will not be subject to U.S. federal income tax, solely as a result of the election, with respect to the deemed disposition of such property.

(3) If the individual had only property described in section 4.04(1) of this revenue procedure (and did not have property described in section 4.03(1) of this revenue procedure (Retroactive elections for property taxable by United States)), the individual must make the election by attach-

ing a Form 8833 to the individual’s first timely filed U.S. federal income tax return filed after March 29, 2010, indicating on the form that for U.S. federal income tax purposes the individual is electing pursuant to new Article XIII(7) to take an adjusted basis in the property equal to the fair market value of the property as of the date of the deemed disposition under Canada’s deemed disposition rules. The individual must attach documentation establishing the fair market value of the property, as determined under Canada’s deemed disposition rules, and confirming that gain (and, if permitted by section 4.05 of this revenue procedure, loss) was recognized and properly reported for Canadian tax purposes for the taxable year of the deemed disposition. The individual must attach the documentation described in section 4.01(3) of this revenue procedure and must retain copies of the Form 8833 and accompanying documentation (including the information reported to Canada) as required pursuant to section 6001 of the Internal Revenue Code and the regulations promulgated thereunder. The individual must file amended U.S. federal income tax returns for any prior taxable years with respect to which the statute of limitations on claiming a credit or refund, as set out under section 6511 of the Internal Revenue Code, is open and that are affected by the election (*e.g.*, the year of disposition of property subject to the rules of this section 4.04). Appropriate adjustments must be made to avoid duplicate benefits in years with respect to which the statute of limitations on assessment and collection, as set out under section 6501 through 6504, is closed.

(4) If, in addition to property described in section 4.04(1) of this revenue procedure, the individual had property described in section 4.03(1) of this revenue procedure (Retroactive elections for property taxable by United States), the Form 8833 included with the election made in accordance with section 4.03(4) must include the property described in section 4.04(1), and no separate Form 8833 needs to be filed under this section 4.04(4).

(5) If an individual with property that is subject to the rules of this section 4.04 has disposed of any such property prior to making the election provided in new Article XIII(7), that individual may make an election with retroactive effect and file an amended tax return to reflect the adjusted

basis of such property, provided the statute of limitations under 6511 of the Internal Revenue Code is open for the year of the disposition. If the statute of limitations is closed with respect to the year of the disposition of the property, then the individual is time barred from making an election with respect to such property (however, the individual can still make the election with respect to the remaining property, subject to section 4.05(2) of this revenue procedure (Deemed dispositions of multiple properties)). If the disposition of properties described in section 4.04(1) in a year with respect to which the statute of limitations has closed resulted in a net loss for U.S. federal income tax purposes, the individual may make an election with respect to the individual's remaining property or properties described in section 4.04 only if the individual makes appropriate adjustments to the adjusted basis of the remaining property or properties to reflect the net loss that was taken into account in the year for which the statute of limitations is closed, using any reasonable method to allocate the adjustment. For example, the step up in basis for the gain properties will be reduced by the amount of loss that was recognized with respect to the property that was disposed of in the closed year.

(6) If, prior to March 29, 2010, an individual who had property the disposition of which would not have been subject to tax by the United States at the time of emigration made an election with respect to such property under Article XIII(7) by attaching a Form 8833 or similar statement to the first timely filed U.S. federal income tax return filed after the date of the deemed disposition, the IRS will not challenge such election (and the individual is not required to make a new election under this revenue procedure) provided that the election is not inconsistent with the principles set out in this revenue procedure and that the individual has filed all U.S. federal income tax returns and information returns consistent with such election.

## **.05 Deemed disposition of multiple properties**

(1) If an individual is deemed under Canadian law to have disposed of multiple properties immediately before ceasing to be a resident of Canada with respect to which gain or loss is recognized for Canadian tax purposes in the year of the deemed disposition, the individual may not make an election pursuant to new Article XIII(7) unless the deemed disposition of all such properties results in a net gain for Canadian tax purposes. If the deemed disposition of all such properties results in a net loss for Canadian tax purposes, the individual may not make any election under new Article XIII(7) with respect to any of the properties. Such an individual may neither claim an adjusted basis for U.S. federal income tax purposes with respect to any of the properties nor recognize gain or loss for U.S. federal income tax purposes in the year of the deemed disposition in Canada with respect to any of the properties.

(2) If an individual is deemed under Canadian law to have disposed of multiple properties, any election under new Article XIII(7) must be made with respect to all such properties. The individual must prepare and file a Form 8833 listing each such property. In the case of property subject to the rules of section 4.04 (Retroactive elections for property not taxable by United States), if the individual has disposed of property with respect to which that individual is time barred from making the election because the statute of limitations under section 6511 of the Internal Revenue Code has closed, the individual may still make an election with respect to all of the individual's remaining property described in section 4.04, provided that appropriate adjustments are made to the adjusted basis of the remaining property as set forth under section 4.04(5). If an individual is time-barred from making an election with respect to property subject to the

rules of section 4.03 (Retroactive elections for property taxable by the United States), the disposition of which would have resulted in a net loss at the time of emigration, and makes an election with respect to property subject to the rules of section 4.04 (Retroactive elections for property not taxable by the United States), the individual must make appropriate adjustments to the adjusted basis of the property that is subject to the rules of section 4.03.

## **.06 Irrevocability of election**

An election made under this revenue procedure cannot be revoked except with the consent of the Commissioner.

## **SECTION 5. EFFECTIVE DATE**

The effective date of this revenue procedure is March 29, 2010, the date of its publication in the Internal Revenue Bulletin.

## **SECTION 6. PAPERWORK REDUCTION ACT**

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) and is reported on Form 8833 under control number 1545-1354.

## **SECTION 7. DRAFTING INFORMATION**

The principal authors of this revenue procedure are M. Grace Fleeman and Lara A. Banjanin of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure, contact Lara A. Banjanin at (202) 622-3880 (not a toll-free call).

**Note.** This revenue procedure will be reproduced as the next revision of IRS Publication 1167, General Rules and Specifications for Substitute Forms and Schedules.

## **Rev. Proc. 2010–21**

### **TABLE OF CONTENTS**

#### **PART 1 – INTRODUCTION TO SUBSTITUTE FORMS**

<b>SECTION 1.1 – OVERVIEW OF REVENUE PROCEDURE 2010–21</b> .....	474
<b>SECTION 1.2 – IRS CONTACTS</b> .....	475
<b>SECTION 1.3 – WHAT’S NEW</b> .....	476
<b>SECTION 1.4 – DEFINITIONS</b> .....	477
<b>SECTION 1.5 – AGREEMENT</b> .....	478

#### **PART 2 – GENERAL GUIDELINES FOR SUBMISSIONS AND APPROVALS**

<b>SECTION 2.1 – GENERAL SPECIFICATIONS FOR APPROVAL</b> .....	479
<b>SECTION 2.2 – HIGHLIGHTS OF PERMITTED CHANGES AND REQUIREMENTS</b> .....	481
<b>SECTION 2.3 – VOUCHERS</b> .....	481
<b>SECTION 2.4 – RESTRICTIONS ON CHANGES</b> .....	483
<b>SECTION 2.5 – GUIDELINES FOR OBTAINING IRS APPROVAL</b> .....	484
<b>SECTION 2.6 – OFFICE OF MANAGEMENT AND BUDGET (OMB) REQUIREMENTS FOR ALL SUBSTITUTE FORMS</b> .....	486

#### **PART 3 – PHYSICAL ASPECTS AND REQUIREMENTS**

<b>SECTION 3.1 – GENERAL GUIDELINES FOR SUBSTITUTE FORMS</b> .....	487
<b>SECTION 3.2 – PAPER</b> .....	489
<b>SECTION 3.3 – PRINTING</b> .....	490
<b>SECTION 3.4 – MARGINS</b> .....	491
<b>SECTION 3.5 – EXAMPLES OF APPROVED FORMATS</b> .....	492
<b>SECTION 3.6 – MISCELLANEOUS INFORMATION FOR SUBSTITUTE FORMS</b> .....	492

#### **PART 4 – ADDITIONAL RESOURCES**

<b>SECTION 4.1 – GUIDANCE FROM OTHER REVENUE PROCEDURES</b> .....	493
<b>SECTION 4.2 – ELECTRONIC TAX PRODUCTS</b> .....	494
<b>SECTION 4.3 – IRS TAX PRODUCTS ON DVD (PUBLICATION 1796)</b> .....	494

#### **PART 5 – REQUIREMENTS FOR SPECIFIC TAX RETURNS**

<b>SECTION 5.1 – TAX RETURNS (FORMS 1040, 1040A, 1120, ETC.)</b> .....	494
<b>SECTION 5.2 – CHANGES PERMITTED TO GRAPHICS (FORMS 1040A AND 1040)</b> .....	495
<b>SECTION 5.3 – CHANGES PERMITTED TO FORM 1040A GRAPHICS</b> .....	496

<b>SECTION 5.4 – CHANGES PERMITTED TO FORM 1040 GRAPHICS</b> .....	497
<b>PART 6 – FORMAT AND CONTENT OF SUBSTITUTE RETURNS</b>	
<b>SECTION 6.1 – ACCEPTABLE FORMATS FOR SUBSTITUTE FORMS AND SCHEDULES</b> .....	498
<b>SECTION 6.2 – ADDITIONAL INSTRUCTIONS FOR ALL FORMS</b> .....	499
<b>PART 7 – MISCELLANEOUS FORMS AND PROGRAMS</b>	
<b>SECTION 7.1 – SPECIFICATIONS FOR SUBSTITUTE SCHEDULES K-1</b> .....	500
<b>SECTION 7.2 – PROCEDURES FOR PRINTING IRS ENVELOPES</b> .....	505
<b>SECTION 7.3 – GUIDELINES FOR SUBSTITUTE FORMS 8655</b> .....	506
<b>PART 8 – ALTERNATIVE METHODS OF FILING</b>	
<b>SECTION 8.1 – FORMS FOR ELECTRONICALLY FILED RETURNS</b> .....	507
<b>SECTION 8.2 – EFFECT ON OTHER DOCUMENTS</b> .....	508
<b>EXHIBITS</b>	
<b>Exhibit A-1 – Schedule A (Preferred Format)</b> .....	509
<b>Exhibit A-2 – Schedule A (Acceptable Format)</b> .....	510
<b>Exhibit B-1 – Form 2106-EZ (Preferred Format)</b> .....	511
<b>Exhibit B-2 – Form 2106-EZ (Acceptable Format)</b> .....	512
<b>Exhibit C – Software Developers Voucher</b> .....	513
<b>Exhibit D – Sample Check Sheet</b> .....	514

## Part 1 Introduction to Substitute Forms

### Section 1.1 – Overview of Revenue Procedure 2010–21

<b>1.1.1 Purpose</b>	The purpose of this revenue procedure is to provide guidelines and general requirements for the development, printing, and approval of substitute tax forms. Approval will be based on these guidelines. After review and approval, submitted forms will be accepted as substitutes for official IRS forms.
<b>1.1.2 Unique Forms</b>	Certain unique specialized forms require the use of other additional publications to supplement this publication. See Part 4.
<b>1.1.3 Scope</b>	The IRS accepts quality substitute tax forms that are consistent with the official forms and have no adverse impact on our processing. The IRS Substitute Forms Unit administers the formal acceptance and processing of these forms nationwide. While this program deals primarily with paper documents, it also reviews for approval other processing and filing forms such as those used in electronic filing.



Only those substitute forms that comply fully with these requirements are acceptable. This revenue procedure is updated as required to reflect pertinent tax year form changes and to meet processing and/or legislative requirements.

---

#### 1.1.4

##### Forms Covered by This Revenue Procedure

The following types of forms are covered by this revenue procedure:

- IRS tax forms and their related schedules,
- Worksheets as they appear in instruction packages,
- Applications for permission to file returns electronically and forms used as required documentation for electronically filed returns,
- Powers of Attorney,
- Over-the-counter estimated tax payment vouchers, and
- Forms and schedules relating to partnerships, exempt organizations, and employee plans.

---

#### 1.1.5

##### Forms Not Covered by This Revenue Procedure

The following types of forms are not covered by this revenue procedure:

- W-2 and W-3 (see Publication 1141 for information on these forms),
- W-2c and W-3c (see Publication 1223 for information on these forms),
- 941 and Schedule B (Form 941) (see Publication 4436 for information on these forms),
- 1096, 1098 series, 1099 series, 5498 series, W-2G, 1042-S, and 8935 (see Publication 1179 for information on these forms),
- Federal Tax Deposit (FTD) coupons, which may not be reproduced,
- Forms 1040-ES (OCR) and 1041-ES (OCR), which may not be reproduced,
- Forms 5500, 5500-EZ, 5500-SF, and associated schedules (see the Department of Labor website at [www.dol.gov](http://www.dol.gov) for information on these forms),
- Forms 5307, 8717, and 8905, bar-coded forms requiring separate approval,
- FinCEN forms, TD F 90-22 forms, and Form 8300,
- Requests for information or documentation initiated by the IRS,
- Forms used internally by the IRS,
- State tax forms,
- Forms developed outside the IRS, and
- General Instructions and Specific Instructions (not reviewed by the Substitute Forms Program Unit).

---

## Section 1.2 – IRS Contacts

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#### 1.2.1

##### Where To Send Substitute Forms

Send your substitute forms for approval to the following offices (do not send forms with taxpayer data):

Form	Office and Address
All FinCEN family of forms, TD F 90-22 family of forms, and Form 8300	Enterprise Computing Center — Detroit (ECC-D) BSA Compliance Branch P.O. Box 32063 Detroit, MI 48232-0063
5500, 5500-EZ, 5500-SF, and Schedules for Form 5500	Check EFAST information at the Department of Labor's website at <a href="http://www.efast.dol.gov">www.efast.dol.gov</a>
5307, 8717, and 8905	<a href="mailto:Jennifer.L.Frederick@irs.gov">Jennifer.L.Frederick@irs.gov</a>

Form	Office and Address
Software developer vouchers (See Sections 2.3.7 - 2.3.9)	Internal Revenue Service Attn: Doris Bethea, C5-163 5000 Ellin Rd. Lanham, MD 20706 <a href="mailto:Doris.E.Bethea@irs.gov">Doris.E.Bethea@irs.gov</a> or <a href="mailto:Brenda.C.Martinez@irs.gov">Brenda.C.Martinez@irs.gov</a>
All others (except W-2, W-2c, W-3, W-3c, 941, Schedule B (Form 941), 1096, 1098, 1099, 5498, W-2G, 1042-S, and 8935) covered by this publication	Internal Revenue Service Attn: Substitute Forms Program SE:W:CAR:MP:T:T:SP 1111 Constitution Avenue, NW Room 6526 Washington, DC 20224

In addition, the Substitute Forms Program Unit can be contacted via email at [Substituteforms@irs.gov](mailto:Substituteforms@irs.gov). Please include “PDF Submissions” on the subject line.

For questions about Forms W-2 and W-3, refer to IRS Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3. For Forms W-2c and W-3c, refer to IRS Publication 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c. For Forms 941 and Schedule B (Form 941), refer to IRS Publication 4436, General Rules and Specifications for Substitute Form 941 and Schedule B (Form 941). For Forms 1096, 1098, 1099, 5498, W-2G, 1042-S, and 8935, refer to IRS Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G, 1042-S, and 8935.

## Section 1.3 – What’s New

### 1.3.1 What’s New

The following changes have been made to the Revenue Procedure for tax year 2009.

- The table for “Where To Send Substitute Forms” (Section 1.2.1) has been updated.
- **Posting schedule reevaluated.** We develop the original estimated release dates on the posting schedule to spread our workload and the release of our products over a period of a few months because we can’t, of course, release all our products in a short timeframe. Many products are scheduled for release in October, November, or early December even though most of them aren’t needed before December 31; they are scheduled earlier just to spread out the workload. Once products were delayed past their original estimated release dates, the posting schedule is updated automatically each time a new report is run, adding 7-10 days to the target release date, regardless of whether the product is very close or very far from being released (it would be impossible to try to determine dates individually for over 1,000 products). This gives false and misleading information and creates false expectations. For these reasons and to reduce confusion, we are considering whether to post the posting schedule next year at all, or to post it without ever updating it, or to provide some of the information on the posting schedule through means other than posting it on IRS.gov. Sections in this document that referred to the posting schedule have been deleted until further notice.
- **New section 6.2.2,** “Required Software ID Number on Computer Prepared Substitutes” states that the IRS 8-digit *e-file* software identification number for the software that creates computer-generated substitute forms must be included on the substitute forms.
- Section 5.4.7 was updated to reflect changes to the 2009 Form 1040.
- We made editorial changes as needed.

## Section 1.4 – Definitions

---

### 1.4.1 Substitute Form

A tax form (or related schedule) that differs in any way from the official version and is intended to replace the form that is printed and distributed by the IRS. This term also covers those approved substitute forms exhibited in this revenue procedure.

---

### 1.4.2 Printed/Preprinted Form

A form produced using conventional printing processes, or a printed form which has been reproduced by photocopying or a similar process.

---

### 1.4.3 Preprinted Pin-Fed Form

A printed form that has marginal perforations for use with automated and high-speed printing equipment.

---

### 1.4.4 Computer Prepared Substitute Form

A preprinted form in which the taxpayer's tax entry information has been inserted by a computer, computer printer, or other computer-type equipment.

---

### 1.4.5 Computer Generated Substitute Tax Return or Form

A tax return or form that is entirely designed and printed using a computer printer such as a laser printer, etc., on plain white paper. This return or form must conform to the physical layout of the corresponding IRS form, although the typeface may differ. The text should match the text on the officially printed form as closely as possible. Condensed text and abbreviations will be considered on a case-by-case basis.

**Exception.** All jurats (perjury statements) must be reproduced verbatim.

---

### 1.4.6 Manually Prepared Form

A preprinted reproduced form in which the taxpayer's tax entry information is entered by an individual using a pen, pencil, typewriter, or other non-automated equipment.

---

### 1.4.7 Graphics

Parts of a printed tax form that are not tax amount entries or required text. Examples of graphics are line numbers, captions, shadings, special indicators, borders, rules, and strokes created by typesetting, photographics, photocomposition, etc.

---

### 1.4.8 Acceptable Reproduced Form

A legible photocopy of an original form.

---

### 1.4.9 Supporting Statement (Supplemental Schedule)

A document providing detailed information to support a line entry on an official or approved substitute form and filed with (attached to) a tax return.

**Note.** A supporting statement is not a tax form and does not take the place of an official form.

---

#### **1.4.10 Specific Form Terms**

The following specific terms are used throughout this revenue procedure in reference to all substitute forms: format, sequence, line reference, item caption, and data entry field.

---

#### **1.4.11 Format**

The overall physical arrangement and general layout of a substitute form.

---

#### **1.4.12 Sequence**

Sequence is an integral part of the total format requirement. The substitute form should show the same numeric and logical placement order of data, as shown on the official form.

---

#### **1.4.13 Line Reference**

The line numbers, letters, or alphanumerics used to identify each captioned line on an official form. These line references are printed to the immediate left of each caption and/or data entry field.

---

#### **1.4.14 Item Caption**

The text on each line of a form, which identifies the data required.

---

#### **1.4.15 Data Entry Field**

Designated areas for the entry of data such as dollar amounts, quantities, responses and checkboxes.

---

#### **1.4.16 Advance Draft**

A draft version of a new or revised form may be posted to the IRS website for information purposes. Substitute forms may be submitted based on these advance drafts, but any submitter that receives forms approval based on these early drafts is responsible for monitoring and revising forms to mirror any revisions in the final forms provided by the IRS.

---

#### **1.4.17 Approval**

Generally, approval could be in writing or assumed after 20 business days from our receipt for forms that have not been substantially changed by the IRS. Also, this does not apply to newly created or substantially revised IRS forms.

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### **Section 1.5 – Agreement**

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#### **1.5.1 Important Stipulation of This Revenue Procedure**

Any person or company who uses substitute forms and makes all or part of the changes specified in this revenue procedure agrees to the following stipulations.

- The IRS presumes that any required changes are made in accordance with these procedures and will not be disruptive to the processing of the tax return.
  - Should any of the changes be disruptive to the IRS's processing of the tax return, the person or company agrees to accept the determination of the IRS as to whether the form may continue to be filed.
  - The person or company agrees to work with the IRS in correcting noted deficiencies. Notification of deficiencies may be made by any combination of fax, letter, email, or phone contact and may include the request for the re-submission of unacceptable forms.
-

## 1.5.2 Response Policy and Stipulations

The Substitute Forms Unit (the Unit) will email confirmation, as much as possible, of receipt of your forms submission. Your submission can be considered approved if you do not receive a response from the Unit within 20 business days of the receipt date. If the Unit anticipates problems in completing the review of your submission within the 20 business day period, the Unit will send an interim email notifying you of the extended period for review.

Once the substitute forms have been approved by the Substitute Forms Unit, you can release them after the final versions of the forms have been issued by the IRS. Before releasing the forms, you are responsible for updating forms approved as draft and for making form changes we requested.

The policy has the following stipulations.

- This 20-day policy applies to electronic submissions only. It does not apply to substitute forms submitted for approval by paper or fax.
  - The policy applies to submissions of 15 or fewer items. Submissions of more than 15 items may require additional review time.
  - If you send a large number of submissions within a short period of time, processing may be delayed.
  - Delays in processing could occur if the Unit finds significant errors in your submission. The Unit will send you an interim email in this case.
  - Any anticipated problems in processing your submission within the 20-day period will generate an interim email on or about the 15th business day.
  - If any significant inaccuracies are discovered after the 20-day period, the Unit reserves the right to inform you and will require that changes be made to correct the inaccuracies.
  - The policy does not apply to substantially revised forms or to new forms created by the IRS for which you have already made an initial submission.
- 

## Part 2 General Guidelines for Submissions and Approvals

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### Section 2.1 – General Specifications for Approval

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#### 2.1.1 Overview

If you produce any tax forms following the guidelines on only those changes specifically outlined by the Substitute Forms Unit, you can generate your own substitute forms without further approval. If your changes are more extensive, you must get IRS approval before using substitute forms. More extensive changes can include the use of typefaces and sizes other than those found on the official form and the condensing of line item descriptions to save space.

**Note.** The 20-day turnaround policy may not apply to extensive changes.

---

#### 2.1.2 Email Submissions

The Substitute Forms Program accepts substitute forms submissions via email. The email address is [Substituteforms@irs.gov](mailto:Substituteforms@irs.gov). Please include the term “PDF Submissions” on the subject line.

Follow these guidelines.

- Your submission should include all the forms you wish to submit in one attached pdf file. **Do not email each form individually.**
- Small (fewer than 15 forms), rather than large, submissions should expedite processing. A submission should contain a maximum of 15 forms.

- An approval check sheet listing the forms you are submitting should always be included in the pdf file along with the forms. See a sample check sheet in Exhibit D.
- Optimize pdf files before submitting.
- The maximum allowable email attachment is 2.5 megabytes.
- The Substitute Forms Unit accepts zip files.
- To alleviate delays during the peak time of September through December, submit advance draft forms as early as possible.

If the guidelines are not followed, you may need to resubmit.

Emailing pdf submissions will not expedite review and approval. The pdf submissions will be assigned a control number and put in queue along with mailed-in paper submissions. In addition to submitting forms via email, you may send your submissions to:

Internal Revenue Service  
SE:W:CAR:MP:T:T:SP  
Attn: Substitute Forms Program  
1111 Constitution Avenue, NW  
Room 6526  
Washington, DC 20224

### 2.1.3 Expediting the Process

Follow these basic guidelines for expediting the process.

- Always include a check sheet for the Substitute Forms Unit's response.
- Follow Publication 1167 for general substitute form guidelines. Follow the specialized publications produced by the Substitute Forms Unit for other specific forms.
- To spread out the workload, send in draft versions of substitute forms when they are posted.  
**Note.** Be sure to make any changes to approved drafts before releasing final versions.

### 2.1.4 Schedules

Schedules are considered to be an integral part of a complete tax return. A schedule may be included as part of a form or printed separately.

### 2.1.5 Examples of Schedules That Must Be Submitted with the Return

Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, is an example of this situation. Its Schedules A through U have pages numbered as part of the basic return. For Form 706 to be considered for approval, the entire form including Schedules A through U must be submitted.

### 2.1.6 Examples of Schedules That Can Be Submitted Separately

However, Schedules 1, 2, and 3 of Form 1040A are examples of schedules that can be submitted separately. Although printed by the IRS as a supplement to Form 1040A, none of these schedules are required to be filed with Form 1040A. These schedules may be separated from Form 1040A and submitted as substitute forms.

### 2.1.7 Use and Distribution of Unapproved Forms

The IRS is continuing a program to identify and contact tax return preparers, forms developers, and software publishers who use or distribute unapproved forms that do not conform to this revenue procedure. The use of unapproved forms hinders the processing of the returns.

## Section 2.2 – Highlights of Permitted Changes and Requirements

### 2.2.1 Methods of Reproducing Internal Revenue Service Forms

Official IRS tax forms are supplied by the IRS. These forms may be provided in the taxpayer's tax package or over-the-counter. Forms can also be picked up at many IRS offices, post offices, or libraries, and are available on DVD and online at [www.irs.gov](http://www.irs.gov).

There are methods of reproducing IRS printed tax forms suitable for use as substitutes without prior approval.

- You can photocopy most tax forms and use them instead of the official ones. The entire substitute form, including entries, must be legible.
- You can reproduce any current tax form as cut sheets, snap sets, and marginally punched, pin-fed forms as long as you use an official IRS version as the master copy.
- You can reproduce a form that requires a signature as a valid substitute form. Many tax forms (including returns) have a taxpayer signature requirement as part of the form layout. The jurat/perjury statement/signature line areas must be retained and worded exactly as on the official form. The requirement for a signature, by itself, does not prohibit a tax form from being properly computer-generated.

## Section 2.3 – Vouchers

### 2.3.1 Overview

All payment vouchers (Forms 940-V, 941-V, 943-V, 945-V, 1040-V, and 2290-V) must be reproduced in conjunction with their forms. Substitute vouchers must be the same size as the officially printed vouchers. Vouchers that are prepared for printing on a laser printer may include a scan line.

### 2.3.2 Scan Line Specifications

	NNNNNNNNNN	AA	XXXX	NN	N	NNNNNN	NNN
Item:	A	B	C	D	E	F	G
A.	Social Security Number/Employer Identification Number (SSN/EIN) has 9 numeric (N) spaces.						
B.	Check Digits have 2 alpha (A) spaces.						
C.	Name Control has 4 alphanumeric (X) spaces.						
D.	Master File Tax (MFT) Code has 2 numeric (N) spaces (see below).						
E.	Taxpayer Identification Number (TIN) Type has 1 numeric (N) space (see below).						
F.	Tax Period has 6 numeric (N) spaces in year/month format (YYYYMM).						
G.	Transaction Code has 3 numeric (N) spaces.						

### 2.3.3 MFT Code

Code Number for Forms:

- 1040 (family) – 30,
- 940 – 10,
- 941 – 01,
- 943 – 11,
- 944 – 14,
- 945 – 16,
- 2290 – 60, and
- 4868 – 30.

### 2.3.4 TIN Type

Type Number for:

- Form 1040 (family), 4868 – 0, and
  - Forms 940, 941, 943, 944, 945, and 2290 – 2.
- 

### 2.3.5 Voucher Size

The voucher size must be exactly 8.0'' x 3.25'' (Forms 1040-ES and 1041-ES must be 7.625'' x 3.0''). The document scan line must be vertically positioned 0.25 inches from the bottom of the scan line to the bottom of the voucher. The last character on the right of the scan line must be placed 3.5 inches from the right leading edge of the document. The minimum required horizontal clear space between characters is .014 inches. The line to be scanned must have a clear band 0.25 inches in height from top to bottom of the scan line, and from border to border of the document. "Clear band" means no printing except for dropout ink.

---

### 2.3.6 Print and Paper Weight

Vouchers must be imaged in black ink using OCR A, OCR B, or Courier 10. These fonts may not be mixed in the scan line. The horizontal character pitch is 10 CPI. The preferred paper weight is 20 to 24 pound OCR bond.

---

### 2.3.7 Specifications for Software Developers

Certain vouchers may be reproduced for use in the IRS lockbox system. These include the 1040-V, 1040-ES, the 940 family, and 2290 vouchers. Software developers must follow these specific guidelines to produce scannable vouchers strictly for lockbox purposes. Also see Exhibit C.

- The total depth must be 3.25 inches.
- The scan line must be .5 inches from the bottom edge and 1.75 inches from the left edge of the voucher and left-justified.
- Software developers vouchers must be 8.5 inches wide (instead of 8 inches with a cut line). Therefore, no vertical cut line is required.
- Scan line positioning must be exact.
- Do not use the over-the-counter format voucher and add the scan line to it.
- All scanned data must be in 12-point OCR A font.
- The 4-digit NACTP ID code should be placed under the payment indicator arrow.
- Windowed envelopes must not display the scan line in order to avoid disclosure and privacy issues.

**Note.** All software developers must ensure that their software uses OCR A font so taxpayers will be able to print the vouchers in the correct font.

---

### 2.3.8 Specific Line Positions

Follow these line specifications for entering taxpayer data in the lockbox vouchers.

	Start Row	Start Column	Width	End Column
Line Specifications for Taxpayer Data:				
Taxpayer Name	56	6	36	41
Taxpayer Address, Apt.	57	6	36	41



	Start Row	Start Column	Width	End Column
Taxpayer City, State, ZIP	58	6	36	41
Line Specifications for Mail To Data:				
Mail Address	57	43	38	80
Mail City, State, ZIP	58	43	38	80
Line Specifications for:				
Scan Line	63	26	n/a	n/a

### 2.3.9 How to Get Approval

To receive approval, please send 25 voucher samples yearly, by December 10, for testing to the following address.

Internal Revenue Service  
Attn: Doris Bethea, C5-163  
5000 Ellin Rd.  
Lanham, MD 20706

For further information, contact either Doris Bethea, [Doris.E.Bethea@irs.gov](mailto:Doris.E.Bethea@irs.gov), at 202-283-0218 or Brenda Martinez, [Brenda.C.Martinez@irs.gov](mailto:Brenda.C.Martinez@irs.gov), at 202-283-5789.

## Section 2.4 – Restrictions on Changes

### 2.4.1 What You Cannot Do to Forms Suitable for Substitute Tax Forms

You cannot, without prior IRS approval, change any IRS tax form or use your own (non-approved) versions including graphics, unless specifically permitted by this revenue procedure. See Sections 2.5.7 to 2.5.11.

You cannot adjust any of the graphics on Forms 1040, 1040A, and 1040EZ (except in those areas specified in Part 5 of this revenue procedure) without prior approval from the IRS Substitute Forms Unit.

You cannot use your own preprinted label on tax returns filed with the IRS unless you fully comply with the criteria specified in Section 3.6.3 on the use of pre-addressed IRS labels.

**Note.** The 20-day turnaround policy may not apply to extensive changes.

## Section 2.5 – Guidelines for Obtaining IRS Approval

### 2.5.1 Basic Requirements

---

Preparers who submit substitute privately designed, privately printed, computer generated, or computer prepared tax forms must develop these substitutes using the guidelines established in this part. These forms, unless there is an exception outlined by the revenue procedure, must be approved by the IRS before being filed.

---

### 2.5.2 Conditional Approval Based on Advanced Drafts

The IRS cannot grant final approval of your substitute form until the official form has been published. However, the IRS posts advance draft forms on its website at:

<http://www.irs.gov/app/picklist/list/draftTaxForms.html>

We encourage submission of proposed substitutes of these advance draft forms and will grant conditional approval based solely on these early drafts. These advance drafts are subject to significant change before forms are finalized. If these advance drafts are used as the basis for your substitute forms, you will be responsible for subsequently updating your final forms to agree with the final official version. These revisions need not be resubmitted for further approval.

**Note.** Approval of forms based on advance drafts will not be granted after the final version of an official form is published.

---

### 2.5.3 Submission Procedures

Follow these general guidelines when submitting substitute forms for approval.

- Any alteration of forms must be within the limits acceptable to the IRS. It is possible that, from one filing period to another, a change in law or a change in internal need (processing, audit, compliance, etc.) may change the allowable limits for the alteration of the official form.
  - When approval of any substitute form (other than those exceptions specified in Part 1, Section 1.2 – IRS Contacts) is requested, a sample of the proposed substitute form should be forwarded for consideration via email or by letter to the Substitute Forms Unit at the address shown in Section 1.2.1.
  - Schedules and forms (for example, Forms 3468, 4136, etc.) that can be used with more than one type of return (for example, 1040, 1041, 1120, etc.) should be submitted only once for approval, regardless of the number of different tax returns with which they may be associated. Also, all pages of multi-page forms or returns should be submitted in the same package.
- 

### 2.5.4 Approving Offices

Because only the Substitute Forms Unit is authorized to approve substitute forms, unnecessary delays may occur if forms are sent to the wrong office. You may receive an interim letter about the delay. The Substitute Forms Unit may then coordinate the response with the originator responsible for revising that particular form. Such coordination may include allowing the originator to officially approve the form. No IRS office is authorized to allow deviations from this revenue procedure.

---

### 2.5.5 IRS Review of Software Programs, etc.

The IRS does not review or approve the logic of specific software programs, nor does the IRS confirm the calculations on the forms produced by these programs. The accuracy of the program remains the responsibility of the software package developer, distributor, or user.

The Substitute Forms Unit is primarily concerned with the pre-filing quality review of the final forms that are expected to be processed by IRS field offices. For this purpose, you should submit forms without including any taxpayer information such as names, addresses, monetary amounts, etc.

---

**2.5.6  
When To Send  
Proposed Substitutes**

Proposed substitutes, which are required to be submitted per this revenue procedure, should be sent as much in advance of the filing period as possible. This is to allow adequate time for analysis and response.

---

**2.5.7  
Accompanying  
Statement**

When submitting sample substitutes, you should include an accompanying statement that lists each form number and its changes from the official form (position, arrangement, appearance, line numbers, additions, deletions, etc.). With each of the items you should include a detailed reason for the change.

When requesting approval, please include a check sheet. Check sheets expedite the approval process. The check sheet may look like the example in Exhibit D displayed in the back of this procedure or may be one of your own design. Please include your fax number on the check sheet.

---

**2.5.8  
Approval/Non-  
Approval Notice**

The Substitute Forms Unit will fax the check sheet or an approval letter to the originator if a fax number has been provided, unless:

- The requester has asked for an email response or for a formal letter, or
- Significant corrections to the submitted forms are required.

Notice of approval may impose qualifications before using the substitutes. Notices of unapproved forms may specify the changes required for approval and require re-submission of the form(s) in question. When appropriate, you will be contacted by telephone.

---

**2.5.9  
Duration of  
Approval**

Most signature tax returns and many of their schedules and related forms have the tax (liability) year printed in the upper right corner. Approvals for these annual forms are usually good for one calendar year (January through December of the year of filing). Quarterly tax forms in the 940 series and Form 720 require approval for any quarter in which the form has been revised.

Because changes are usually made to an annual form every year, each new filing season generally requires a new submission of a substitute form. Very rarely is updating the preprinted year the only change made to an annual form.

---

**2.5.10  
Limited  
Continued Use of an Approved  
Change**

Limited changes approved for one tax year may be allowed for the same form in the following tax year. Examples are the use of abbreviated words, revised form spacing, compressed text lines, and shortened captions, etc., which do not change the integrity of lines or text on the official forms.

If substantial changes are made to the form, new substitutes must be submitted for approval. If only minor editorial changes are made to the form, it is not subject to review. It is the responsibility of each vendor who has been granted permission to use substitute forms to monitor and revise forms to mirror any revisions to official forms made by the Service. If there are any questions, please contact the Substitute Forms Unit.

---

### 2.5.11 When Approval Is Not Required

If you received approval for a specific change on a form last year, you may make the same change this year if the item is still present on the official form.

- The new substitute form does not have to be submitted to the IRS and approval based on that change is not required.
- However, the new substitute form must conform to the official current year IRS form in other respects: date, Office of Management and Budget (OMB) approval number, attachment sequence number, Paperwork Reduction Act Notice statement, arrangement, item caption, line number, line reference, data sequence, etc.
- The new substitute form must also comply with changes to the guidelines in this revenue procedure. The procedure may have eliminated, added to, or otherwise changed the guideline(s) that affected the change approved in the prior year.
- An approved change is authorized only for the period from a prior tax year substitute form to a current tax year substitute form.

**Exception.** Forms with temporary, limited, or interim approvals (or with approvals that state a change is not allowed in any other tax year) are subject to review in subsequent years.

---

### 2.5.12 Continuous- Use Forms

Forms without preprinted tax years are called “continuous-use” forms. Continuous-use forms are revised when a legislative change affects the form or a change will facilitate processing. These forms frequently have revision dates that are valid for longer than one year.

---

### 2.5.13 Required Copies

Generally, you must send us one copy of each form being submitted for approval. However, if you are producing forms for different computer systems (for example, IBM compatible vs. Macintosh) or different types of printers and these forms differ **significantly** in appearance, submit one copy for each type of system or printer.

---

### 2.5.14 Requestor’s Responsibility

Following receipt of an initial approval for a substitute forms package or a software output program to print substitute forms, it is the responsibility of the originator (designer or distributor) to provide client firms or individuals with forms that meet the IRS’s requirements for continuing acceptability. Examples of this responsibility include:

- Using the prescribed print paper, font size, legibility, state tax data deletion, etc., and
  - Informing all users of substitute forms of the legal requirements of the Paperwork Reduction Act Notice, which is generally found in the instructions for the official IRS forms.
- 

### 2.5.15 Source Code

The Substitute Forms Unit will assign a unique source code to each firm that submits substitute paper forms for approval. This source code will be a permanent identifier that must be used on every submission by a particular firm.

The source code consists of three alpha characters and should generally be printed at the bottom left margin area on the first page of every approved substitute form.

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## Section 2.6 – Office of Management and Budget (OMB) Requirements for All Substitute Forms

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### 2.6.1 OMB Requirements for All Substitute Forms

There are legal requirements of the Paperwork Reduction Act of 1995 (The Act). Public Law 104-13 requires the following.

- OMB approves all IRS tax forms that are subject to the Act.

- Each IRS form contains (in the upper right corner) the OMB number, if assigned.
- Each IRS form (or its instructions) states why the IRS needs the information, how it will be used, and whether or not the information is required to be furnished to the IRS.

This information must be provided to every user of official or substitute IRS forms or instructions.

### 2.6.2 Application of the Paperwork Reduction Act

On forms that have been assigned OMB numbers:

- All substitute forms must contain in the upper right corner the OMB number that is on the official form, and
- The required format is: OMB No. 1545-XXXX (Preferred) or OMB # 1545-XXXX (Acceptable).

### 2.6.3 Required Explanation to Users

You must inform the users of your substitute forms of the IRS use and collection requirements stated in the instructions for official IRS forms.

- If you provide your users or customers with the official IRS instructions, each form must retain either the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice), or a reference to it as the IRS does on the official forms (usually in the lower left corner of the forms).
- This notice reads, in part, “We ask for the information on this form to carry out the Internal Revenue laws of the United States...”

**Note.** If no IRS instructions are provided to users of your forms, the exact text of the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice) must be furnished separately or on the form.

### 2.6.4 Finding the OMB Number and Paperwork Reduction Act Notice

The OMB number and the Paperwork Reduction Act Notice, or references to it, may be found printed on an official form (or its instructions). The number and the notice are included on the official paper format and in other formats produced by the IRS (for example, DVD (Publication 1796) or Internet download).

## Part 3 Physical Aspects and Requirements

### Section 3.1 – General Guidelines for Substitute Forms

#### 3.1.1 General Information

The official form is the standard. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you modify it to meet your needs. The IRS provides several means of obtaining the most frequently used tax forms. These include the Internet and DVD (see Part 4).

#### 3.1.2 Design

Each form must follow the design of the official form as to format arrangement, item caption, line numbers, line references, and sequence.

### 3.1.3 State Tax Information Prohibited

Generally, state tax information must not appear on the federal tax return, associated form, or schedule that is filed with the IRS. Exceptions occur when amounts are claimed on, or required by, the federal return (for example, state and local income taxes, on Schedule A of Form 1040).

### 3.1.4 Vertical Alignment of Amount Fields

IF a form is to be...	THEN...
Manually prepared	<ol style="list-style-type: none"><li>1. The entry column must have a vertical line or some type of indicator in the amount field to separate dollars from cents.</li><li>2. The cents column must be at least 3/10" wide.</li></ol>
Computer generated	<ol style="list-style-type: none"><li>1. Vertically align the amount entry fields where possible.</li><li>2. Use one of the following amount formats:<ol style="list-style-type: none"><li>a) 0,000,000, or</li><li>b) 0,000,000.00.</li></ol></li></ol>
Computer prepared	<ol style="list-style-type: none"><li>1. You may remove the vertical line in the amount field that separates dollars from cents.</li><li>2. Use one of the following amount formats:<ol style="list-style-type: none"><li>a) 0,000,000, or</li><li>b) 0,000,000.00.</li></ol></li></ol>

### 3.1.5 Attachment Sequence Number

Many individual income tax forms have a required "attachment sequence number" located just below the year designation in the upper right corner of the form. The IRS uses this number to indicate the order in which forms are to be attached to the tax return for processing. Some of the attachment sequence numbers may change from year to year.

The following applies to computer prepared forms.

- The sequence number may be printed in no less than 12-point boldface type and centered below the form's year designation.
- The sequence number may also be placed following the year designation for the tax form and separated with an asterisk.
- The actual number may be printed without labeling it the "Attachment Sequence Number."

### 3.1.6 Assembly of Forms

When developing software or forms for use by others, please inform your customers/clients that the order in which the forms are arranged may affect the processing of the package. A return must be arranged in the order indicated below.

IF the form is...	THEN the sequence is...
1040	<ul style="list-style-type: none"><li>• Form 1040, and</li><li>• Schedules and forms in attachment sequence number order.</li></ul>
Any other tax return (Form 1120, 1120S, 1065, 1041, etc.)	<ul style="list-style-type: none"><li>• The tax returns,</li><li>• Directly associated schedules (Schedule D, etc.),</li><li>• Directly associated forms,</li><li>• Additional schedules in alphabetical order, and</li><li>• Additional forms in numerical order.</li></ul>

Supporting statements should then follow in the same sequence as the forms they support. Additional information required should be attached last.

In this way, the forms are received in the order in which they must be processed. If you do not send returns to the IRS in order, processing may be delayed.

---

### **3.1.7 Paid Preparer's Information and Signature Area**

On Forms 1040EZ, 1040A, 1040, and 1120, etc., the "Paid Preparer's Use Only" area may not be rearranged or relocated. You may, however, add three extra lines to the paid preparer's address area without prior approval. This applies to other tax forms as well.

---

### **3.1.8 Some Common Reasons for Requiring Changes to Substitute Forms**

Some reasons that substitute form submissions may require changes include the following.

- Failing to preprint certain amounts in entry spaces.
  - Shading areas incorrectly.
  - Failing to include a reference to the location of the Paperwork Reduction Act Notice.
  - Not including parentheses for losses.
  - Not including "Attach Statement" when appropriate.
  - Including line references or entry spaces that don't match the official form.
  - Printing text that is different from the official form.
  - Altering the jurat.
- 

## **Section 3.2 – Paper**

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### **3.2.1 Paper Content**

The paper must be:

- Chemical wood writing paper that is equal to or better than the quality used for the official form,
  - At least 18 pound (17" x 22", 500 sheets), or
  - At least 50 pound offset book (25" x 38", 500 sheets).
- 

### **3.2.2 Paper with Chemical Transfer Properties**

There are several kinds of paper prohibited for substitute forms. These are:

1. Carbon-bonded paper, and
  2. Chemical transfer paper except when the following specifications are met:
    - a. Each ply within the chemical transfer set of forms must be labeled, and
    - b. Only the top ply (ply one and white in color), the one that contains chemical on the back only (coated back), may be filed with the IRS.
- 

### **3.2.3 Example**

A set containing three plies would be constructed as follows: ply one (coated back), "Federal Return, File with IRS"; ply two (coated front and back), "Taxpayer's copy"; and ply three (coated front), "Preparer's copy."

The file designation, "Federal Return, File with IRS" for ply one, must be printed in the bottom right margin (just below the last line of the form) in 12-point boldface type.

It is not mandatory, but recommended, that the file designation "Federal Return, File with IRS" be printed in a contrasting ink for visual emphasis.

---

**3.2.4**  
**Carbon Paper**

Do not attach any carbon paper to any return you file with the IRS.

---

**3.2.5**  
**Paper and Ink**  
**Color**

It is preferred that the color and opacity of paper substantially duplicates that of the original form. This means that your substitute must be printed in black ink and may be on white or on the colored paper the IRS form is printed on. Forms 1040A and 1040 substitute reproductions may be in black ink without the colored shading. The only exception to this rule is Form 1041-ES, which should always be printed with a very light gray shading in the color screened area. This is necessary to assist us in expeditiously separating this form from the very similar Form 1040-ES.

---

**3.2.6**  
**Page Size**

Substitute or reproduced forms and computer prepared/generated substitutes may be the same size as the official form or they may be the standard commercial size (8 1/2" x 11"). The thickness of the stock cannot be less than .003 inches.

---

**Section 3.3 – Printing**

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**3.3.1**  
**Printing Medium**

The private printing of all substitute tax forms must be by conventional printing processes, photocopying, computer graphics, or similar reproduction processes.

---

**3.3.2**  
**Legibility**

All forms must have a high standard of legibility as to printing, reproduction, and fill-in matter. Entries of taxpayer data may be no smaller than eight points. The IRS reserves the right to reject those with poor legibility. The ink and printing method used must ensure that no part of a form (including text, graphics, data entries, etc.) develops "smears" or similar quality deterioration. This standard must be followed for any subsequent copies or reproductions made from an approved master substitute form, either during preparation or during IRS processing.

---

**3.3.3**  
**Type Font**

Many federal tax forms are printed using "Helvetica" as the basic type font. It is preferred that you use this type font when composing substitute forms.

---

**3.3.4**  
**Print Spacing**

Substitute forms should be printed using a 6 lines/inch vertical print option. They should also be printed horizontally in 10 pitch pica (that is, 10 print characters per inch) or 12 pitch elite (that is, 12 print positions per inch).

---

**3.3.5**  
**Image Size**

The image size of a printed substitute form should be as close as possible to that of the official form. You may omit any text on both computer prepared and computer generated forms that is solely instructional.

---



### **3.3.6 Title Area Changes**

To allow a large top margin for marginal printing and more lines per page, the title line(s) for all substitute forms (not including the form's year designation and sequence number, when present), may be photographically reduced by 40 percent or reset as one line of type. When reset as one line, the type size may be no smaller than 14-point. You may omit "Department of the Treasury, Internal Revenue Service" and all reference to instructions in the form's title area.

---

### **3.3.7 Remove Government Printing Office Symbol and IRS Catalog Number**

When privately printing substitute tax forms, the Government Printing Office (GPO) symbol and/or jacket number must be removed. In the same place using the same type size, print the Employer Identification Number (EIN) of the printer or designer or the IRS assigned source code. (We prefer this last number be printed in the lower left area of the first page of each form.) Also, remove the IRS Catalog Number (Cat. No.) and the recycle symbol if the substitute is not produced on recycled paper.

---

### **3.3.8 Printing on One Side of Paper**

While it is preferred that both sides of the paper be used for substitutes and reproduced forms, resulting in the same page arrangement as that of the official form or schedule, the IRS will accept your forms if only one side of the paper is used.

---

### **3.3.9 Photocopy Equipment**

The IRS does not undertake to approve or disapprove the specific equipment or process used in reproducing official forms. Photocopies of forms must be entirely legible and satisfy the conditions stated in this and other revenue procedures.

---

### **3.3.10 Reproductions**

Reproductions of official forms and substitute forms that do not meet the requirements of this revenue procedure may not be filed instead of the official forms. Illegible photocopies are subject to being returned to the filer for re-submission of legible copies.

---

### **3.3.11 Removal of Instructions**

Generally, you may remove references to instructions. No prior approval is needed. However in some instances, you may be requested to include references to instructions.

**Exception.** The words "For Paperwork Reduction Act Notice, see instructions" must be retained or a similar statement indicating the location of the notice must be provided on each form.

---

## **Section 3.4 – Margins**

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### **3.4.1 Margin Size**

The format of a reproduced tax form when printed on the page must have margins on all sides at least as large as the margins on the official form. This allows room for IRS employees to make necessary entries on the form during processing.

- A 1/2-inch to 1/4-inch margin must be maintained across the top, bottom, and both sides of all substitute forms.
  - The marginal, perforated strips containing pin-fed holes must be removed from all forms prior to filing with the IRS.
-

### 3.4.2 Marginal Printing

Prior approval is not required for the marginal printing allowed when printed on an official form or on a photocopy of an official form.

- With the exception of the actual tax forms (for example, Forms 1040, 1040A, 1040EZ, 1120, 940, 941, etc.), you may print in the left vertical margin and in the left half of the bottom margin.
  - Printing is never allowed in the top right margin of the tax form (for example, Forms 1040, 1040A, 1040EZ, 1120, 940, 941, etc.). The Service uses this area to imprint a Document Locator Number for each return. There are no exceptions to this requirement.
- 

## Section 3.5 – Examples of Approved Formats

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### 3.5.1 Examples of Approved Formats From the Exhibits

Two sets of exhibits (Exhibits A-1 and 2; B-1 and 2) at the end of this revenue procedure are examples of how these guidelines may be used. Vertical spacing is six (6) lines to the inch. A combination of upper-case and lower-case print font is acceptable in producing substitute forms.

The same logic may be applied to any IRS form that is normally reproducible as a substitute form, with the exception of the tax return forms as discussed elsewhere.

**Note.** These exhibits may be from a prior year and are not to be used as current substitute forms.

---

## Section 3.6 – Miscellaneous Information for Substitute Forms

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### 3.6.1 Filing Substitute Forms

To be acceptable for filing, a substitute form must print out in a format that will allow the filer to follow the same instructions as for filing official forms. These instructions are in the taxpayer's tax package or in the related form instructions. The form must be legible, must be on the appropriately sized paper, and must include a jurat where one appears on the published form.

---

### 3.6.2 Caution to Software Publishers

The IRS has received returns produced by software packages with approved output where either the form heading was altered or the lines were spaced irregularly. This produces an illegible or unrecognizable return or a return with the wrong number of pages. We realize that many of these problems are caused by individual printer differences but they may delay input of return data and, in some cases, generate correspondence to the taxpayer. Therefore, in the instructions to the purchasers of your product, both individual and professional, please stress that their returns will be processed more efficiently if they are properly formatted. This includes:

- Having the correct form numbers and titles at the top of the return, and
  - Submitting the same number of pages as if the form were an official IRS form with the line items on the proper pages.
-

### 3.6.3 Use Pre-Addressed IRS Label

If you are a practitioner filling out a return for a client or a software publisher who prints instruction manuals, stress the use of the pre-addressed label provided in the tax package the IRS sent to the taxpayer, when available. The use of this label (or its precisely duplicated label information) is extremely important for the efficient, accurate, and economical processing of a taxpayer's return. Labeled returns indicate that a taxpayer is an established filer and permits the IRS to automatically accelerate processing of those returns. This results in quicker refunds, less manual review by IRS functions, and greater accuracy in names, addresses, and postal deliveries.

---

### 3.6.4 Caution to Producers of Software Packages

If you are producing a software package that generates name and address data onto the tax return, do not under any circumstances program either the IRS preprinted check digits or a practitioner derived name control to appear on any return prepared and filed with the IRS.

---

### 3.6.5 Programming to Print Forms

Whenever applicable:

- Use only the following label information format for single filers:  
JOHN Q. PUBLIC  
310 OAK DRIVE  
HOMETOWN, STATE 94000
  - Use only the following information for joint filers:  
JOHN Q. PUBLIC  
MARY I. PUBLIC  
310 OAK DRIVE  
HOMETOWN, STATE 94000
- 

## Part 4 Additional Resources

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### Section 4.1 – Guidance From Other Revenue Procedures

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#### 4.1.1 General

The IRS publications listed below provide guidance for substitute tax forms not covered in this revenue procedure. These publications are available on the IRS website. Identify the requested document by the IRS publication number.

- Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.
  - Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G, 1042-S, and 8935.
  - Publication 1187, Specifications for Filing Forms 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically.
  - Publication 1220, Specifications for Filing Forms 1098, 1099, 3921, 3922, 5498, 8935, and W-2G Electronically.
  - Publication 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.
  - Publication 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Electronically.
  - Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns.
  - Publication 4436, General Rules and Specifications for Substitute Form 941 and Schedule B (Form 941).
-

## Section 4.2 – Electronic Tax Products

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### 4.2.1 The IRS Website

Copies of tax forms with instructions, publications, draft forms, fillable forms, prior year forms and publications, and other tax-related information may be found on the IRS website at [www.irs.gov](http://www.irs.gov).

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## Section 4.3 – IRS Tax Products on DVD (Publication 1796)

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### 4.3.1 Information About IRS Tax Products DVD

The DVD contains approximately 2,800 tax forms and publications for small businesses, return preparers, and others who frequently need current or prior year tax products. Most current tax forms on the DVD may be filled in electronically, then printed out for submission and saved for recordkeeping. Other products on the DVD include the Internal Revenue Bulletins, Tax Supplements, and Internet resources for the tax professional with links to the World Wide Web.

---

### 4.3.2 System Requirements and How To Order the IRS Tax Products DVD

For system requirements, contact the National Technical Information Service (NTIS) at <http://www.ntis.gov>. Prices are subject to change.

The cost of the DVD if purchased from NTIS via the Internet at [www.irs.gov/formspubs/article/0,,id=108660,00.html](http://www.irs.gov/formspubs/article/0,,id=108660,00.html) is \$30 (with no handling fee).

If purchased using the following methods, the cost for each DVD is \$30 (plus a \$5 handling fee). These methods are:

- By phone – 1-877-CDFORMS (1-877-233-6767) — for IRS DVD purchase only,
  - By fax – 703-605-6900 — for IRS DVD purchase only,
  - By mail to:  
National Technical Information Service  
5301 Shawnee Rd.  
Alexandria, VA 22312
- 

## Part 5 Requirements for Specific Tax Returns

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## Section 5.1 – Tax Returns (Forms 1040, 1040A, 1120, etc.)

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### 5.1.1 Acceptable Forms

Tax forms (such as Forms 1040, 1040A, and 1120) require a signature and establish tax liability. Computer generated versions are acceptable under the following conditions.

- These substitute forms must be printed on plain white paper.
- Substitute forms must conform to the physical layout of the corresponding IRS form although the typeface may differ. The text should match the text on the officially published form as closely as possible. Condensed text and abbreviations will be considered on a case-by-case basis.  
**Caution.** All jurats (perjury statements) must be reproduced verbatim. No text can be added, deleted, or changed in meaning.
- Various computer graphic print media such as laser printing, inkjet printing, etc., may be used to produce the substitute forms.

- The substitute form must be the same number of pages and contain the same line text as the official form.
- All substitute forms must be submitted for approval prior to their original use. You do not need approval for a substitute form if its only change is the preprinted year and you had received a prior year approval letter.

**Exception.** If the approval letter specifies a one time exception for your form, the next year's form must be approved.

---

### **5.1.2 Prohibited Forms**

The following are prohibited.

- Computer generated tax forms (for example, Form 1040, etc.) on lined or color barred paper.
  - Tax forms that differ from the official IRS forms in a manner that makes them non-standard or unable to process.
- 

### **5.1.3 Changes Permitted to Forms 1040 and 1040A**

Certain changes (listed in Sections 5.2 through 5.4) are permitted to the graphics of the form without prior approval, but these changes apply to only acceptable preprinted forms. Changes not requiring prior approval are good only for the annual filing period, which is the current tax year. Such changes are valid in subsequent years only if the official form does not change.

---

### **5.1.4 Other Changes Not Listed**

All changes not listed in Sections 5.2 through 5.4 require approval from the IRS before the form can be filed.

---

## **Section 5.2 – Changes Permitted to Graphics (Forms 1040A and 1040)**

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### **5.2.1 Adjustments**

You may make minor vertical and horizontal spacing adjustments to allow for computer or word processing printing. This includes widening the amount columns or tax entry areas if the adjustments comply with other provisions stated in revenue procedures. No prior approval is needed for these changes.

---

### **5.2.2 Name and Address Area**

The horizontal rules and instructions within the name and address area may be removed and the entire area left blank. No line or instruction can remain in the area. However, the statement regarding use of the IRS label should be retained. The heavy ruled border (when present) that outlines the name, address area, and social security number must not be removed, relocated, expanded, or contracted.

---

### **5.2.3 Required Format**

When the name and address area is left blank, the following format must be used when printing the taxpayer's name and address. Otherwise, unless the taxpayer's preprinted label is affixed over the information entered in this area, the lines must be filled in as shown below.

- 1st name line (35 characters maximum).
  - 2nd name line (35 characters maximum).
  - In-care-of name line (35 characters maximum).
  - City, state (25 characters maximum), one blank character, and ZIP code.
-

**5.2.4  
Conventional  
Name and  
Address Data**

When there is no in-care-of name line, the name and address will consist of only three lines (single filer) or four lines (joint filer). Name and address (joint filer) with no in-care-of name line:

JOHN Z. JONES  
MARY I. JONES  
1234 ANYWHERE ST., APT. 111  
ANYTOWN, STATE 12321

---

**5.2.5  
Example of  
In-Care-Of  
Name Line**

Name and address (single filer) with in-care-of name line:

JOHN Z. JONES  
C/O THOMAS A. JONES  
4311 SOMEWHERE AVE.  
SAMETOWN, STATE 54345

---

**5.2.6  
SSN and  
Employer Identification  
Number (EIN) Area**

The vertical lines separating the format arrangement of the SSN/EIN may be removed. When the vertical lines are removed, the SSN and EIN formats must be 000-00-0000 or 00-0000000, respectively.

---

**5.2.7  
Cents Column**

- You may remove the vertical rule that separates the dollars from the cents.
  - All entries in the amount column should have a decimal point following the whole dollar amounts whether or not the vertical line that separates the dollars from the cents is present.
  - You may omit printing the cents, but all amounts entered on the form must follow a consistent format. You are strongly urged to round off the figures to whole dollar amounts, following the official form instructions.
  - When several amounts are summed together, the total should be rounded off after addition (that is, individual amounts should not be rounded off for computation purposes).
  - When printing money amounts, you must use one of the following formats:
    - (a) 0,000,000.;
    - (b) 0,000,000.00.
  - When there is no entry for a line, leave the line blank.
- 

**5.2.8  
“Paid Preparer’s  
Use Only” Area**

On all forms, the paid preparer’s information area may not be rearranged or relocated. You may add three lines and remove the horizontal rules in the preparer’s address area.

---

**Section 5.3 – Changes Permitted to Form 1040A Graphics**

---

**5.3.1  
General**

No prior approval is needed for the following changes (for use with computer prepared forms only).

---

**5.3.2  
Line 4 of  
Form 1040A**

This line may be compressed horizontally (to allow for same line entry for the name of the qualifying child) by using the following caption: “Head of household; child’s name” (name field).

---

**5.3.3  
Other Lines**

Any line with text that takes up two or more vertical lines may be compressed to one line by using contractions, etc., and by removing instructional references.

---

**5.3.4  
Page 2 of  
Form 1040A**

All lines must be present and numbered in the order shown on the official form. These lines may also be compressed.

---

**5.3.5  
Color Screening**

It is not necessary to duplicate the color screening used on the official form. A substitute Form 1040A may be printed in black and white only with no color screening.

---

**5.3.6  
Other Changes  
Prohibited**

No other changes to the Form 1040A graphics are allowed without prior approval except for the removal of instructions and references to instructions.

---

**Section 5.4 – Changes Permitted to Form 1040 Graphics**

---

**5.4.1  
General**

No prior approval is needed for the following changes (for use with computer prepared forms only). Specific line numbers in the following headings may have changed due to tax law changes.

---

**5.4.2  
Line 4 of  
Form 1040**

This line may be compressed horizontally (to allow for a larger entry area for the name of the qualifying child) by using the following caption: “Head of household; child’s name” (name field).

---

**5.4.3  
Line 6c of  
Form 1040**

The vertical lines separating columns (1) through (4) may be removed. The captions may be shortened to allow a one line caption for each column.

---

**5.4.4  
Other Lines**

Any other line with text that takes up two or more vertical lines may be compressed to one line by using contractions, etc., and by removing instructional references.

---

**5.4.5  
Line 21 – Other Income**

The fill-in portion of this line may be expanded vertically to three lines. The amount entry box must remain a single entry.

---

**5.4.6  
Line 44 of  
Form 1040 – Tax**

You may change the line caption to read “Tax” and computer print the words “Total includes tax from” and either “Form(s) 8814” or “Form 4972.” If both forms are used, print both form numbers. This specific line number may have changed.

---

**5.4.7**  
**Line 53 of**  
**Form 1040 –**  
**Other Credits**

You may change the caption to read: “Other credits from Form” and computer print only the form(s) that apply.

---

**5.4.8**  
**Color Screening**

It is not necessary to duplicate the color screening used on the official form. A substitute Form 1040 may be printed in black and white only with no color screening.

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**5.4.9**  
**Other Changes**  
**Prohibited**

No other changes to the Form 1040 graphics are permitted without prior approval except for the removal of instructions and references to instructions.

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## **Part 6**

### **Format and Content of Substitute Returns**

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#### **Section 6.1 – Acceptable Formats for Substitute Forms and Schedules**

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**6.1.1**  
**Exhibits and Use of Acceptable**  
**Formats**

Exhibits of acceptable formats for Schedule A, usually attached to the Form 1040, and Form 2106-EZ are shown in the exhibits section of this revenue procedure.

- If your computer generated forms appear exactly like the exhibits, no prior authorization is needed.
  - You may computer generate forms not shown here, but you must design them by following the manner and style of those in the exhibits section.
  - Take care to observe other requirements and conditions in this revenue procedure. The IRS encourages the submission of all proposed forms covered by this revenue procedure.
- 

**6.1.2**  
**Instructions**

The format of each substitute form or schedule must follow the format of the official form or schedule as to item captions, line references, line numbers, sequence, form arrangement and format, etc. Basically, try to make the form look like the official one, with readability and consistency being primary factors. You may use periods and/or other similar special characters to separate the various parts and sections of the form. Do not use alpha or numeric characters for these purposes. All line numbers and items must be printed even though an amount is not entered on the line.

---

**6.1.3**  
**Line Numbers**

When a line on an official form is designated by a number or a letter, that designation (reference code) must be used on a substitute form. The reference code must be printed to the left of the text of each line and immediately preceding the data entry field, even if no reference code precedes the data entry field on the official form. If an entry field contains multiple lines and shows the line references once on the left and right side of the form, use the same number of line references on the substitute form.

In addition, the reference code that is immediately before the data field must either be followed by a period or enclosed in parentheses. There also must be at least two blank spaces between the period or the right parenthesis and the first digit of the data field. (See example below.)

---



#### 6.1.4 Decimal Points

A decimal point (that is, a period) should be used for each money amount regardless of whether the amount is reported in dollars and cents or in whole dollars, or whether or not the vertical line that separates the dollars from the cents is present. The decimal points must be vertically aligned when possible.

#### Example:

5	STATE & LOCAL INC. TAXES.....	5.	495.00
6	REAL ESTATE TAXES.....	6.	
7	PERSONAL PROPERTY TAXES.....	7.	198.00
or			
5	STATE & LOCAL INC. TAXES.....	(5)	495.00
6	REAL ESTATE TAXES.....	(6)	
7	PERSONAL PROPERTY TAXES.....	(7)	198.00

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#### 6.1.5 Multi-Page Forms

When submitting a multi-page form, send all its pages in the same package.

**Exception.** If you will not be producing certain pages, please note that in your cover letter.

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### Section 6.2 – Additional Instructions for All Forms

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#### 6.2.1 Use of Your Own Internal Control Numbers and Identifying Symbols

You may show the computer prepared internal control numbers and identifying symbols on the substitute if using such numbers or symbols is acceptable to the taxpayer and the taxpayer's representative. Such information must not be printed in the top 1/2 inch clear area of any form or schedule requiring a signature. Except for the actual tax return form (Forms 1040, 1120, 940, 941, etc.), you may print in the left vertical and bottom left margins. The bottom left margin you may use extends 3 1/2 inches from the left edge of the form.

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#### 6.2.2 Required Software ID Number on Computer Prepared Substitutes

The IRS 8-digit *e-file* software identification number for the software that creates computer-generated substitute forms must be included on the substitute forms. Print the software ID number in the middle at the bottom of the form.

---

#### 6.2.3 Descriptions for Captions, Lines, etc.

Descriptions for captions, lines, etc., appearing on the substitute forms may be limited to one print line by using abbreviations and contractions, and by omitting articles, prepositions, etc. However, sufficient key words must be retained to permit ready identification of the caption, line, or item.

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#### 6.2.4 Determining Final Totals

Explanatory detail and/or intermediate calculations for determining final line totals may be included on the substitute. We prefer that such calculations be submitted in the form of a supporting statement. If intermediate calculations are included on the substitute, the line on which they appear may not be numbered or lettered. Intermediate calculations may not be printed in the right column. This column is reserved only for official numbered and lettered lines that correspond to the ones on the official form. Generally, you may choose the format for intermediate calculations or subtotals on supporting statements to be submitted.

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**6.2.5**  
**Instructional**  
**Text on the Official Form**

Text on the official form, which is solely instructional (for example, “See instructions,” etc.), may generally be omitted from the substitute form.

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**6.2.6**  
**Mixing Forms**  
**on the Same Page Prohibited**

You may not show more than one form or schedule on the same printout page. Both sides of the paper may be printed for multi-page official forms, but it is unacceptable to intermix single page schedules of forms except for Schedules A and B (Form 1040), which are printed back to back by the IRS.

For instance, Schedule E can be printed on both sides of the paper because the official form is multi-page, with page 2 continued on the back. However, do not print Schedule E on the front page and Schedule SE on the back, or Schedule A on the front and Form 8615 on the back, etc. Both pages of a substitute form must match the official form. The back page may be left blank if the back page of the official form contains only the instructions.

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**6.2.7**  
**Identifying**  
**Substitutes**

Identify all computer prepared substitutes clearly. Print the form designation 1/2 inch from the top margin and 1 1/2 inches from the left margin. Print the title centered on the first line of print. Print the taxable year and, where applicable, the sequence number on the same line 1/2 inch to 1 inch from the right margin. Include the taxpayer’s name and SSN on all forms and attachments. Also, print the OMB number as reflected on the official form.

---

**6.2.8**  
**Negative Amounts**

Negative (or loss) amount entries should be enclosed in brackets or parentheses or include a minus sign. This assists in accurate computation and input of form data. The IRS pre-prints parentheses in negative data fields on many official forms. These parentheses should be retained or inserted on printouts of affected substitute forms.

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## **Part 7**

### **Miscellaneous Forms and Programs**

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#### **Section 7.1 – Specifications for Substitute Schedules K-1**

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**7.1.1**  
**Requirements**  
**for Schedules K-1 That**  
**Accompany**  
**Forms 1041, 1065, 1065-B, and**  
**1120S**

Because of significant changes to improve processing, prior approval is now required for substitute Schedules K-1 that accompany Form 1041 (for estates and trusts), Form 1065 (for partnerships), Form 1065-B (for electing large partnerships), or Form 1120S (for S corporations). Substitute Schedules K-1 should be as close as possible to exact replicas of copies of the official IRS schedules and follow the same process for submitting other substitute forms and schedules. Before releasing their substitute forms, software vendors are responsible for making any subsequent changes that have been made to the final official IRS forms after the draft forms have been posted.

You must include all information on the form. Submit Schedules K-1 to the IRS at [Substituteforms@irs.gov](mailto:Substituteforms@irs.gov) with “Attn: PDF Submissions” on the subject line or at:

Internal Revenue Service  
Attn: Substitute Forms Program  
SE:W:CAR:MP:T:T:SP  
1111 Constitution Avenue, NW  
Room 6526  
Washington, D.C. 20224

Include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S.

- 661109 for Form 1041,
- 651109 for Form 1065, and
- 671109 for Form 1120S.

Please allow white space around the 6-digit code.

Schedules K-1 that accompany Forms 1041, 1065, 1065-B, or 1120S must meet all specifications. The specifications include, but are not limited to, the following requirements.

- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- The words “\*See attached statement for additional information.” must be preprinted in the lower right hand side on Schedules K-1 of Forms 1041, 1065, and 1120S.
- All K-1s that are filed with the IRS should be printed on standard 8.5” x 11” paper (the international standard (A4) of 8.27” x 11.69” may be substituted).
- Each recipient’s information must be on a separate sheet of paper. Therefore, you must separate all continuously printed substitutes, by recipient, before filing with the IRS.
- No carbon copies or pressure-sensitive copies will be accepted.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity (estate, trust, partnership, or S corporation) and the recipient (beneficiary, partner, or shareholder).
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- The Schedule K-1 must contain all the line items as shown on the official form, except for the instructions, if any are printed on the back of the official Schedule K-1.
- The line items or boxes must be in the same order and arrangement as those on the official form.
- The amount of each recipient’s share of each item must be shown. Furnishing a total amount of each item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- State or local tax-related information may not be included on the Schedules K-1 filed with the IRS.
- The entity may have to pay a penalty if substitute Schedules K-1 are filed that do not conform to specifications.
- Additionally, the IRS may consider the Schedules K-1 that do not conform to specifications as not being able to be processed and may return Forms 1041, 1065, 1065-B, or 1120S to the filer to be filed correctly.

Schedules K-1 that are 2-D bar-coded will continue to require prior approval from the IRS (see Sections 7.1.3 through 7.1.5).

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### **7.1.2 Special Requirements for Recipient Copies of Schedules K-1**

Standardization for reporting information is required for recipient copies of substitute Schedules K-1 of Forms 1041, 1065, 1065-B, and 1120S. Uniform visual standards are provided to increase compliance by allowing recipients and practitioners to more easily recognize a substitute Schedule K-1. The entity must furnish to each recipient a copy of Schedule K-1 that meets the following requirements.

- Include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S.
  - 661109 for Form 1041,
  - 651109 for Form 1065, and
  - 671109 for Form 1120S.

Please allow white space around the 6-digit code.

- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- Both pages 1 and 2 of Schedules K-1 of Forms 1065 and 1120S must be provided to each recipient.
- The words “\*See attached statement for additional information.” must be preprinted in the lower right hand side on Schedules K-1 of Forms 1041, 1065, and 1120S.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity and recipient.
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- All applicable amounts and information required to be reported must be titled and numbered in the same manner as shown on the official IRS schedule. The line items or boxes must be in the same order and arrangement and must be numbered like those on the official IRS schedule.
- The Schedule K-1 must contain all items required for use by the recipient. The instructions to the schedule must identify the line or box number and code, if any, for each item as shown in the official IRS schedule.
- The amount of each recipient’s share of each item must be shown. Furnishing a total amount of each line item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- Instructions to the recipient that are substantially similar to those on or accompanying the official IRS schedule must be provided to aid in the proper reporting of the items on the recipient’s income tax return. Where items are not reported to a recipient because they do not apply, the related instructions may be omitted.
- The quality of the ink or other material used to generate recipients’ schedules must produce clearly legible documents. In general, black chemical transfer inks are preferred.
- In order to assure uniformity of substitute Schedules K-1, the paper size should be standard 8.5” x 11” (the international standard (A4) of 8.27” x 11.69” may be substituted.)
- The paper weight, paper color, font type, font size, font color, and page layout must be such that the average recipient can easily decipher the information on each page.
- State or local tax-related information may be included on recipient copies of substitute Schedules K-1. All non-tax-related information should be separated from the tax information on the substitute schedule to avoid confusion for the recipient.
- The legend “Important Tax Return Document Enclosed” must appear in a bold and conspicuous manner on the outside of the envelope that contains the substitute recipient copy of Schedule K-1.
- The entity may have to pay a penalty if a substitute Schedule K-1 furnished to any recipient does not conform to the specifications of this revenue procedure and results in impeding processing.

### 7.1.3 Requirements for Schedules K-1 with Two-Dimensional (2-D) Bar Codes

In an effort to reduce the burden of manually transcribing tax documents, improve quality, and increase government efficiency, the IRS is pleased to provide specifications for 2-D bar-coded substitute Schedules K-1 for Forms 1041, 1065, and 1120S. The IRS encourages voluntary participation in adding 2-D barcoding.

**Note.** If software vendors do not want to produce bar-coded Schedules K-1, they may produce the official IRS Schedules K-1 but cannot use the expedited process for approving bar-coded K-1s and their parent returns as outlined in Section 7.1.6.

In addition to the requirements in Sections 7.1.1 and 7.1.2, the bar-coded Schedules K-1 must meet the following specifications.

- The bar code should print in the space labeled “For IRS Use Only” on each Schedule K-1. The entire bar code must print within the “For IRS Use Only” box surrounded by a white space of at least 1/4 inch.
- Bar codes must print in PDF 417 format.

- The bar codes must always be in the specified format with every field represented by at least a field delimiter (carriage return). Leaving out a field in a bar code will cause every subsequent field to be misread.
  - Be sure to include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S.
    - 661109 for Form 1041,
    - 651109 for Form 1065, and
    - 671109 for Form 1120S.
- Please allow white space around the 6-digit code.

#### 7.1.4 2-D Bar Code Specifications for Schedules K-1

Follow these general specifications for preparing all 2-D bar-coded Schedules K-1.

- Numeric fields –
  - Do not include leading zeros (except Taxpayer Identification Numbers, Zip Codes, and percentages).
  - Do not use non-numeric characters except that the literal “STMT” can be put in money fields.
  - All money fields should be rounded to the nearest whole dollar amount – If a money amount ends in 00 to 49 cents, drop the cents; if it ends in 50 to 99 cents, truncate the cents and increment the dollar amount by one. Use the same rounding technique for the bar-coded and the printed K-1s.
  - All numeric-only fields are right justified (except Taxpayer Identification Numbers and Zip Codes).
- All field lengths are expressed as maximum lengths. If the value in the field has fewer positions or the software program does not support that many positions, put in the bar code only those positions actually used.
- Alpha fields –
  - Do not include leading blanks (left justified).
  - Do not include trailing blanks.
  - Use uppercase alpha characters only.
- Variable fields –
  - Do not include leading blanks (left justified).
  - Do not include trailing blanks.
  - Use uppercase alpha characters, numerics, and special characters as defined in each field.
- Delimit each field with a carriage return.
- Express percentages as 6-digit numbers without the percent sign. Left justify with leading zeroes (for percentages less than 100%) and no decimal point (decimal point is assumed between 3rd and 4th positions). Examples: 25.32% expressed as “025320”; 105% expressed as “105000”; 8.275% expressed as “008275”; 10.24674% expressed as “010247”.
- It is vital that the print routine reinitialize the bar code prior to printing each succeeding K-1. Failure to do this will result in each K-1 for a parent return having the same bar code as the document before it.

**7.1.5**  
**Approval**  
**Process for**  
**Bar-Coded Schedules K-1**

Prior to releasing commercially available tax software that creates bar-coded Schedules K-1, the printed schedule and the bar code must both be tested. Bar code testing must be done using the final official IRS Schedule K-1. Bar code approval requests must be resubmitted for any subsequent changes to the official IRS form that would affect the bar code. Below are instructions and a sequence of events that will comprise the testing process.

- The IRS has released the final Schedule K-1 bar-code specifications by publishing them on the IRS.gov website (see <http://www.irs.gov/efile/article/0,,id=129860,00.html>).
- The IRS will publish a set of test documents that will be used to test the ability of tax preparation software to create bar codes in the correct format.
- Software developers will submit two identical copies of the test documents – one to the IRS and one to a contracted testing vendor.
- The IRS will use one set to ensure the printed schedules comply with standard substitute forms specifications.
- If the printed forms fail to meet the substitute form criteria, the IRS will inform the software developer of the reason for noncompliance.
- The software developer must resubmit the Schedule(s) K-1 until they pass the substitute forms criteria.
- The testing vendor will review the bar codes to ensure they meet the published bar-code specifications.
- If the bar code(s) does not meet published specifications, the testing vendor will contact the software developer directly informing them of the reason for noncompliance.
- Software developers must submit new bar-coded schedules until they pass the bar-code test.
- When the bar code passes, the testing vendor will inform the IRS that the developer has passed the bar-code test and the IRS will issue an overall approval for both the substitute form and the bar code.
- After receiving this consolidated response, the software vendor is free to release software for tax preparation as long as any subsequent revisions to the schedules do not change the fields.
- Find the mailing address for the testing vendor below. Separate and simultaneous mailings to the IRS and the vendor will reduce testing time.

**7.1.6**  
**Procedures**  
**for Reducing Testing Time**

In order to help provide incentives to the software development community to participate in the Schedule K-1 2-D project, the IRS has committed to expediting the testing of bar-coded Schedules K-1 and their associated parent returns. To receive this expedited service, follow the instructions below.

- Mail the parent returns (Forms 1065, 1120S, 1041) and associated bar-coded Schedule(s) K-1 to the appropriate address below in a separate package from all other approval requests.

Internal Revenue Service  
Attn: Bar-Coded K-1  
SE:W:CAR:MP:T:T:SP  
1111 Constitution Avenue, NW  
Room 6526  
Washington, D.C. 20224

- Mail one copy of the parent form(s) and Schedule(s) K-1 to the IRS and another copy to the testing vendor at the address below.

Northrop Grumman Information Tech  
Attn: Cecilia Siamundo, Quality Assurance Lead  
1800 Alexander Bell Drive  
Suite 300  
Reston, VA 20191  
Phone: 703-453-1200

- Include multiple email and phone contact points in the packages.
- While the IRS can expedite bar-coded Schedules K-1 and their associated parent returns, it cannot expedite the approval of non-associated tax returns.

## Section 7.2 – Procedures for Printing IRS Envelopes

### 7.2.1 Procedures for Printing IRS Envelopes

Organizations are permitted to produce substitute tax return envelopes. Use of substitute return envelopes that comply with the requirements set forth in this section will assist in delivery of mail by the U.S. Postal Service and facilitate internal sorting at the Internal Revenue Service Centers.

Use the following 5-digit ZIP codes when mailing returns to the IRS Service Centers:

Service Center	ZIP Code
Atlanta, GA	39901
Kansas City, MO	64999
Austin, TX	73301
Cincinnati, OH	45999
Ogden, UT	84201
Fresno, CA	93888

### 7.2.2 Sorting Returns by Form Type

Sorting returns by form type is accomplished by the preprinted bar codes on return envelopes included in each specific type of form or package mailed to the taxpayers. The 32-bit bar code on the left of the address on each envelope identifies the type of form the taxpayer is filing, and it assists in consolidating like returns for processing. Failure to use the envelopes furnished by the IRS results in additional processing time and effort, and possibly delays the timely deposit of funds, processing of returns, and issuance of refund checks.

### 7.2.3 ZIP+4 or 9-Digit ZIP Codes

The IRS will not furnish or sell bulk quantities of preprinted tax return envelopes to taxpayers or tax practitioners. A suitable alternative has been developed that will accommodate the sorting needs of both the IRS and the United States Postal Service (USPS). The alternative is based on the use of ZIP+4, or 9-digit ZIP codes, for mailing various types of tax returns to the IRS Service Centers. The IRS uses the last four digits to identify and sort the various form types into separate groups for processing. The list of 4-digit extensions with the related form designations is provided below.

ZIP+4	Package
XXXXXX-0002	1040
XXXXXX-0005	941
XXXXXX-0006	940
XXXXXX-0008	943
XXXXXX-0011	1065

<b>ZIP+4</b>	<b>Package</b>
XXXXXX-0012	1120
XXXXXX-0013	1120S
XXXXXX-0014	1040EZ
XXXXXX-0015	1040A
XXXXXX-0027	990
XXXXXX-0031	2290

#### **7.2.4 Guidelines for Having Envelopes Preprinted**

You may use the preparers' company names, addresses, and logos as long as you do not interfere with the clear areas. The government recommends that the envelope stocks have an average opacity of not less than 89 percent and contain a minimum of 50 percent waste paper. Use of carbon based ink is essential for effective address and bar-code reading. Envelope construction can be of side seam or diagonal seam design. The government recommends that the size of the envelope should be 5<sup>3</sup>/<sub>4</sub> inches by 9 inches. Continuous pin-fed construction is not desirable, but is permissible, if the glued edge is at the top. This requirement is firm because mail opening equipment is designed to open the bottom edge of each envelope.

#### **7.2.5 Envelopes/ZIP Codes**

The above procedures or guidelines are written for the user having envelopes preprinted. Many practitioners may not wish to have large quantities of envelopes with differing ZIP codes/form designations preprinted due to low volume, warehousing, waste, etc. In this case, the practitioner can type or machine print the addresses with the appropriate ZIP codes to accommodate sorting. If the requirements/guidelines outlined in this section cannot be met, then use only the appropriate 5-digit service center ZIP code.

### **Section 7.3 – Guidelines for Substitute Forms 8655**

#### **7.3.1 Increased Standardization for Forms 8655**

Increased standardization for reporting information on substitute Forms 8655 is now required to aid in processing and for compliance purposes. Please follow the guidelines in Section 7.3.2.

#### **7.3.2 Requirements for Substitute Forms 8655**

Please follow these specific requirements when producing substitute Forms 8655.

- The first line of the title must be "Reporting Agent Authorization."
- If you want to include a reference to "State Limited Power of Attorney," it can be in parentheses under the title. "State" must be the first word within the parentheses.
- You must include "Form 8655" on the form.
- While the line numbers do not have to match the official form, the sequence of the information must be in the same order.
- The size of any variable data must be printed in a font no smaller than 10-point.
- For adequate disclosure checks, the following must be included for each taxpayer:
  - (a) Name,
  - (b) EIN, and



(c) Address.

- At this time, Form 944 will not be required if Form 941 is checked. Only those forms that the reporting agent company supports need to be listed.
- The jurat (perjury statement) must be identical with the exception of references to line numbers.
- A contact name and number for the reporting agent is not required.
- You must include line 17, or the equivalent line, and it must include two checkboxes.
- Any state information included should be contained in a separate section of the substitute form. Preferably this information will be in the same area as line 19 of the official form.
- All substitute Forms 8655 must be approved by the Substitute Forms Unit as outlined in the Form 8655 specifications in Publication 1167.
- If you have not already been assigned a 3-letter source code, you will be given one when your substitute form is submitted for approval. This source code should be included in the lower left corner of the form.
- The 20-day assumed approval policy does not apply to Form 8655 approvals.

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## Part 8

### Alternative Methods of Filing

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#### Section 8.1 – Forms for Electronically Filed Returns

##### 8.1.1 Electronic Filing Program

Electronic filing is a method by which authorized providers transmit tax return information to an IRS Service Center in the format of the official IRS forms. The IRS accepts both refund and balance due Form 1040, 1040A, 1040EZ, or 1040SS (PR) tax returns that are filed electronically.

##### 8.1.2 Applying to Participate in IRS *e-file*

Anyone wishing to participate in IRS *e-file* of tax returns must submit an *e-file* application. The application can be completed and submitted electronically on the IRS website at [www.irs.gov](http://www.irs.gov) after first registering for e-services on the website.

##### 8.1.3 Obtaining the Taxpayer Signature / Submission of Required Paper Documents

Beginning in January 2009, Form 8453-OL, U.S. Individual Income Tax Declaration for an IRS *e-file* Online Return, is obsolete and can no longer be used as an IRS *e-file* signature document. Taxpayers choosing to electronically prepare and file their return will be required to use the Self-Select PIN method as their signature.

Electronic Return Originators (EROs) can *e-file* individual income tax returns only if the returns are signed electronically using either the Self-Select or Practitioner PIN method.

Taxpayers must use Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return, to send supporting documents that are required to be submitted to the IRS.

For specific information about electronic filing, refer to Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns.

**8.1.4**  
**Guidelines for**  
**Preparing Substitute Forms in the**  
**Electronic Filing Program**

A participant in the electronic filing program, who wants to develop a substitute form should follow the guidelines throughout this publication and send a sample form for approval to the Substitute Forms Unit at the address in Part 1. If you do not prepare Substitute Form 8453 using a font in which all IRS wording fits on a single page, the form will not be accepted.

**Note.** Use of unapproved forms could result in suspension of the participant from the electronic filing program.

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**Section 8.2 – Effect on Other Documents**

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**8.2.1**  
**Effect on Other**  
**Documents**

This revenue procedure supersedes Revenue Procedure 2009–17, 2009–07 I.R.B. 517.

# Exhibit A-1 (Preferred Format)

## SCHEDULE A (Form 1040)

Department of the Treasury  
Internal Revenue Service (99)

## Itemized Deductions

▶ Attach to Form 1040.

▶ See instructions for Schedule A (Form 1040).

OMB No. 1545-0074

**2009**

Attachment  
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

<b>Medical and Dental Expenses</b>	<b>Caution.</b> Do not include expenses reimbursed or paid by others.			
	<b>1</b> Medical and dental expenses (see page A-1) . . . . .	<b>1</b>		
	<b>2</b> Enter amount from Form 1040, line 38 <b>2</b> . . . . .			
	<b>3</b> Multiply line 2 by 7.5% (.075) . . . . .	<b>3</b>		
	<b>4</b> Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . .		<b>4</b>	
<b>Taxes You Paid</b> (See page A-2.)	<b>5</b> State and local (check only one box):	<b>5</b>		
	<b>a</b> <input type="checkbox"/> Income taxes, or			
	<b>b</b> <input type="checkbox"/> General sales taxes			
	<b>6</b> Real estate taxes (see page A-5) . . . . .	<b>6</b>		
	<b>7</b> New motor vehicle taxes from line 11 of the worksheet on back. Skip this line if you checked box 5b . . . . .	<b>7</b>		
	<b>8</b> Other taxes. List type and amount ▶ . . . . .	<b>8</b>		
	<b>9</b> Add lines 5 through 8 . . . . .		<b>9</b>	
<b>Interest You Paid</b> (See page A-6.)	<b>10</b> Home mortgage interest and points reported to you on Form 1098	<b>10</b>		
	<b>11</b> Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-7 and show that person's name, identifying no., and address ▶ . . . . .	<b>11</b>		
	<b>12</b> Points not reported to you on Form 1098. See page A-7 for special rules . . . . .	<b>12</b>		
	<b>13</b> Qualified mortgage insurance premiums (see page A-7) . . . . .	<b>13</b>		
	<b>14</b> Investment interest. Attach Form 4952 if required. (See page A-8.)	<b>14</b>		
	<b>15</b> Add lines 10 through 14 . . . . .		<b>15</b>	
<b>Gifts to Charity</b> If you made a gift and got a benefit for it, see page A-8.	<b>16</b> Gifts by cash or check. If you made any gift of \$250 or more, see page A-8 . . . . .	<b>16</b>		
	<b>17</b> Other than by cash or check. If any gift of \$250 or more, see page A-8. You <b>must</b> attach Form 8283 if over \$500 . . . . .	<b>17</b>		
	<b>18</b> Carryover from prior year . . . . .	<b>18</b>		
	<b>19</b> Add lines 16 through 18 . . . . .		<b>19</b>	
<b>Casualty and Theft Losses</b>	<b>20</b> Casualty or theft loss(es). Attach Form 4684. (See page A-10.) . . . . .		<b>20</b>	
<b>Job Expenses and Certain Miscellaneous Deductions</b> (See page A-10.)	<b>21</b> Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-10.) ▶ . . . . .	<b>21</b>		
	<b>22</b> Tax preparation fees . . . . .	<b>22</b>		
	<b>23</b> Other expenses—investment, safe deposit box, etc. List type and amount ▶ . . . . .	<b>23</b>		
	<b>24</b> Add lines 21 through 23 . . . . .	<b>24</b>		
	<b>25</b> Enter amount from Form 1040, line 38 <b>25</b> . . . . .	<b>25</b>		
	<b>26</b> Multiply line 25 by 2% (.02) . . . . .	<b>26</b>		
	<b>27</b> Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- . . . . .		<b>27</b>	
<b>Other Miscellaneous Deductions</b>	<b>28</b> Other—from list on page A-11. List type and amount ▶ . . . . .		<b>28</b>	
<b>Total Itemized Deductions</b>	<b>29</b> Is Form 1040, line 38, over \$166,800 (over \$83,400 if married filing separately)?		<b>29</b>	
	<input type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40a.			
	<input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See page A-11 for the amount to enter.			
	<b>30</b> If you elect to itemize deductions even though they are less than your standard deduction, check here . . . . .			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2009

# Exhibit A-2 (Acceptable Format)

## SCHEDULE A (Form 1040)

Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on Form 1040

## Itemized Deductions

► Attach to Form 1040. ► See Instructions for Schedule A (Form 1040).

OMB No. 1545-0074

**2009**

Attachment  
Sequence No. **07**

Your social security number

<b>Medical and Dental Expenses</b>	<b>Caution.</b> Do not include expenses reimbursed or paid by others.			
	<b>1</b>	Medical and dental expenses (see page A-1)	<b>1</b>	
	<b>2</b>	Enter amount from Form 1040, line 38 <b>2</b>	<b>2</b>	
	<b>3</b>	Multiply line 2 by 7.5% (.075)	<b>3</b>	
	<b>4</b>	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		<b>4</b>
<b>Taxes You Paid</b> (See page A-2.)	<b>5</b> State and local (check only one box):			
	<b>a</b>	<input type="checkbox"/> Income taxes, or	<b>5</b>	
	<b>b</b>	<input type="checkbox"/> General sales taxes		
	<b>6</b>	Real estate taxes (see page A-5)	<b>6</b>	
	<b>7</b>	New motor vehicle taxes from line 11 of the worksheet on back. Skip this line if you checked box 5b	<b>7</b>	
	<b>8</b>	Other taxes. List type and amount ►	<b>8</b>	
	<b>9</b>	Add lines 5 through 8		<b>9</b>
<b>Interest You Paid</b> (See page A-6.)  <b>Note.</b> Personal interest is not deductible.	<b>10</b>	Home mortgage interest and points reported to you on Form 1098	<b>10</b>	
	<b>11</b>	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-7 and show that person's name, identifying no., and address ►	<b>11</b>	
	<b>12</b>	Points not reported to you on Form 1098. See page A-7 for special rules	<b>12</b>	
	<b>13</b>	Qualified mortgage insurance premiums (see page A-7)	<b>13</b>	
	<b>14</b>	Investment interest. Attach Form 4952 if required. (See page A-8.)	<b>14</b>	
	<b>15</b>	Add lines 10 through 14		<b>15</b>
<b>Gifts to Charity</b>  If you made a gift and got a benefit for it, see page A-8.	<b>16</b>	Gifts by cash or check. If you made any gift of \$250 or more, see page A-8	<b>16</b>	
	<b>17</b>	Other than by cash or check. If any gift of \$250 or more, see page A-8. You <b>must</b> attach Form 8283 if over \$500	<b>17</b>	
	<b>18</b>	Carryover from prior year	<b>18</b>	
	<b>19</b>	Add lines 16 through 18		<b>19</b>
<b>Casualty and Theft Losses</b>	<b>20</b>	Casualty or theft loss(es). Attach Form 4684. (See page A-10.)		<b>20</b>
<b>Job Expenses and Certain Miscellaneous Deductions</b> (See page A-10.)	<b>21</b>	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-10.) ►	<b>21</b>	
	<b>22</b>	Tax preparation fees	<b>22</b>	
	<b>23</b>	Other expenses—investment, safe deposit box, etc. List type and amount ►	<b>23</b>	
	<b>24</b>	Add lines 21 through 23	<b>24</b>	
	<b>25</b>	Enter amount from Form 1040, line 38 <b>25</b>	<b>25</b>	
	<b>26</b>	Multiply line 25 by 2% (.02)	<b>26</b>	
	<b>27</b>	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-		<b>27</b>
<b>Other Miscellaneous Deductions</b>	<b>28</b>	Other—from list on page A-11. List type and amount ►		<b>28</b>
<b>Total Itemized Deductions</b>	<b>29</b>	Is Form 1040, line 38, over \$166,800 (over \$83,400 if married filing separately)? <input type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40a. <input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See page A-11 for the amount to enter.		<b>29</b>
	<b>30</b>	If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>		

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2009

## Exhibit B-1 (Preferred Format)

Form **2106-EZ**

Department of the Treasury

Internal Revenue Service (99)

Your name

**Unreimbursed Employee Business Expenses**

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

**2009**Attachment  
Sequence No. **129A**

Occupation in which you incurred expenses

Social security number

**You Can Use This Form Only if All of the Following Apply.**

• You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

• You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).

• If you are claiming vehicle expense, you are using the standard mileage rate for 2009.

**Caution:** You can use the standard mileage rate for 2009 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

**Part I Figure Your Expenses**

<b>1</b>	Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 55¢ (.55) . . . . .	<b>1</b>		
<b>2</b>	Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work . . . . .	<b>2</b>		
<b>3</b>	Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment . . . . .	<b>3</b>		
<b>4</b>	Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment . . . . .	<b>4</b>		
<b>5</b>	Meals and entertainment expenses: \$ _____ × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)	<b>5</b>		
<b>6</b>	<b>Total expenses.</b> Add lines 1 through 5. Enter here and on <b>Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 9</b> ). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.) . . . . .	<b>6</b>		

**Part II Information on Your Vehicle.** Complete this part **only** if you are claiming vehicle expense on line 1.

**7** When did you place your vehicle in service for business use? (month, day, year) ▶ \_\_\_\_\_

**8** Of the total number of miles you drove your vehicle during 2009, enter the number of miles you used your vehicle for:

**a** Business \_\_\_\_\_ **b** Commuting (see instructions) \_\_\_\_\_ **c** Other \_\_\_\_\_

**9** Was your vehicle available for personal use during off-duty hours? . . . . . ☐ **Yes** ☐ **No**

**10** Do you (or your spouse) have another vehicle available for personal use? . . . . . ☐ **Yes** ☐ **No**

**11a** Do you have evidence to support your deduction? . . . . . ☐ **Yes** ☐ **No**

**b** If "Yes," is the evidence written? . . . . . ☐ **Yes** ☐ **No**

For Paperwork Reduction Act Notice, see page 4.

Form **2106-EZ** (2009)

## Exhibit B-2 (Acceptable Format)

Form **2106-EZ**Department of the Treasury  
Internal Revenue Service (99)  
Your name**Unreimbursed Employee Business Expenses**

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

**2009**  
Attachment  
Sequence No. **129A**

Occupation in which you incurred expenses Social security number

**You Can Use This Form Only if All of the Following Apply.**

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2009.

**Caution:** You can use the standard mileage rate for 2009 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

**Part I Figure Your Expenses**

<b>1</b>	Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 55¢ (.55) . . . . .	<b>1</b>	
<b>2</b>	Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work . . . . .	<b>2</b>	
<b>3</b>	Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment . . . . .	<b>3</b>	
<b>4</b>	Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment . . . . .	<b>4</b>	
<b>5</b>	Meals and entertainment expenses: \$ _____ × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)	<b>5</b>	
<b>6</b>	<b>Total expenses.</b> Add lines 1 through 5. Enter here and on <b>Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 9</b> ). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.) . . . . .	<b>6</b>	

**Part II Information on Your Vehicle.** Complete this part **only** if you are claiming vehicle expense on line 1.

**7** When did you place your vehicle in service for business use? (month, day, year) ▶ \_\_\_\_\_

**8** Of the total number of miles you drove your vehicle during 2009, enter the number of miles you used your vehicle for:

**a** Business \_\_\_\_\_ **b** Commuting (see instructions) \_\_\_\_\_ **c** Other \_\_\_\_\_

**9** Was your vehicle available for personal use during off-duty hours? . . . . . ☐ **Yes** ☐ **No**

**10** Do you (or your spouse) have another vehicle available for personal use? . . . . . ☐ **Yes** ☐ **No**

**11a** Do you have evidence to support your deduction? . . . . . ☐ **Yes** ☐ **No**

**b** If "Yes," is the evidence written? . . . . . ☐ **Yes** ☐ **No**

For Paperwork Reduction Act Notice, see page 4.

Form **2106-EZ** (2009)

**Exhibit C**  
**Software Developers Voucher**

Form **1040-ES**

Department of the Treasury Internal  
Revenue Service

**Estimated Tax for Individuals**

OMB No. 1545-0074

**2010**

Tear off here

Form **1040-ES**  
Department of the Treasury  
Internal Revenue Service

**2010 Estimated Tax**

**Payment  
Voucher 1**

OMB No. 1545-0074

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to the "United States Treasury." Write your social security number and "2010 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

**Calendar year— Due April 15, 2010**

Amount of estimated tax you are paying  
by check or  
money order.

Dollars	Cents
1,425	

XXXX

William T THOMAS  
511 JONATHAN CAROL BLVD  
JEWELL, OH 43530

PO BOX 970006  
ST. LOUIS, MO 63197-0006

400011018 HT THOM 30 0 201012 430

## Exhibit D

Check Sheet of IRS Substitute Forms 20 :

Submitted on

Company: . . . . .

Contact: . . . . .

Phone: . . . . .

Fax: . . . . .

Source Code: . . . . .

[illegible]

Authorized Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reviewer's Name: .....

Telephone: \_\_\_\_\_

Date: \_\_\_\_\_



## Part IV. Items of General Interest

### Extension of Time to Submit Comments on Announcement 2010–9 Regarding Reporting Uncertain Tax Positions, Draft Schedule, and Implementation Date

#### Announcement 2010–17

In Announcement 2010–9, 2010–7 I.R.B. 408, the Internal Revenue Service announced that it is developing a schedule requiring certain business taxpayers to report uncertain tax positions on their tax returns and requested comments by March 29, 2010.

Since that announcement, the Service has received a number of questions and comments on the proposal. Several informal comments asked the Service to clarify whether taxpayers will be required to file the new schedule with returns relating to 2009 tax years and whether a draft schedule and instructions will be released. Other comments asked for clarification regarding the scope and implementation of the proposal, such as its application to pass-through entities and tax-exempt entities, and potential duplication of reporting with disclosures made on other forms (such as the Form 8275, *Disclosure Statement*, and the Form 8275-R, *Regulation Disclosure Statement*). Some informal and written comments also asked for an extension of the comment period for up to 60 days to allow sufficient time to study the proposal and analyze its impact.

The Service continues to work on developing the proposal contained in the Announcement, including development of the schedule and implementing instructions. The Service's target date for releasing a draft schedule based on the proposal described in Announcement 2010–9, along with draft instructions, is early April 2010 with a comment period ending on June 1, 2010. The Service expects the draft schedule and instructions will clarify some of the issues that have already been brought to the Service's attention, provide additional information concerning the proposal described in Announcement 2010–9, and facilitate comment on the proposal. The draft instructions may not completely resolve all questions about the proposal and may indicate that the Service will reserve making final decisions on certain issues until after the comment period has ended and all comments have been received and analyzed.

Additionally, as the proposal is further developed and finalized, the Service recognizes the need to adjust its programs to ensure the appropriate use of the data from the schedule, and to address possible increases in demand for guidance and issue resolution.

The Service plans to require the filing of the new schedule for returns relating to

the calendar year 2010 and for fiscal years that begin in 2010. The schedule will not be implemented for 2009 tax returns filed in 2010. To allow taxpayers and practitioners the opportunity to provide comprehensive comments both on the proposal and on the implementing schedule and instructions, the time for submitting comments in response to Announcement 2010–9 is extended to June 1, 2010.

The Service invites comment on the following matters, as well as those described in Announcement 2010–9:

1. Do the disclosures required by the new schedule duplicate those required by other forms, thus making forms, such as the Form 8275 and 8275-R, unnecessary or redundant in some circumstances;

2. What type of uncertain tax positions should be reported by pass-through entities and tax-exempt entities; and

3. How uncertain tax positions should be reported in various related entity contexts, such as how members of a consolidated group for financial statement or tax return purposes or entities that are disregarded for federal tax purposes should report uncertain tax positions.

The principal author of this announcement is Kathryn Zuba of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this announcement, contact Ms. Zuba at (202) 622–3400 (not a toll-free call).

# Definition of Terms

*Revenue rulings and revenue procedures (hereinafter referred to as “rulings”) that have an effect on previous rulings use the following defined terms to describe the effect:*

*Amplified* describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

*Clarified* is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

*Distinguished* describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

*Modified* is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

*Obsoleted* describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

*Revoked* describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

*Superseded* describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance

of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

*Supplemented* is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

*Suspended* is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

## Abbreviations

*The following abbreviations in current use and formerly used will appear in material published in the Bulletin.*

A—Individual.  
Acq.—Acquiescence.  
B—Individual.  
BE—Beneficiary.  
BK—Bank.  
B.T.A.—Board of Tax Appeals.  
C—Individual.  
C.B.—Cumulative Bulletin.  
CFR—Code of Federal Regulations.  
CI—City.  
COOP—Cooperative.  
Ct.D.—Court Decision.  
CY—County.  
D—Decedent.  
DC—Dummy Corporation.  
DE—Donee.  
Del. Order—Delegation Order.  
DISC—Domestic International Sales Corporation.  
DR—Donor.  
E—Estate.  
EE—Employee.  
E.O.—Executive Order.

ER—Employer.  
ERISA—Employee Retirement Income Security Act.  
EX—Executor.  
F—Fiduciary.  
FC—Foreign Country.  
FICA—Federal Insurance Contributions Act.  
FISC—Foreign International Sales Company.  
FPH—Foreign Personal Holding Company.  
FR—Federal Register.  
FUTA—Federal Unemployment Tax Act.  
FX—Foreign corporation.  
G.C.M.—Chief Counsel’s Memorandum.  
GE—Grantee.  
GP—General Partner.  
GR—Grantor.  
IC—Insurance Company.  
I.R.B.—Internal Revenue Bulletin.  
LE—Lessee.  
LP—Limited Partner.  
LR—Lessor.  
M—Minor.  
Nonacq.—Nonacquiescence.  
O—Organization.  
P—Parent Corporation.  
PHC—Personal Holding Company.  
PO—Possession of the U.S.  
PR—Partner.

PRS—Partnership.  
PTE—Prohibited Transaction Exemption.  
Pub. L.—Public Law.  
REIT—Real Estate Investment Trust.  
Rev. Proc.—Revenue Procedure.  
Rev. Rul.—Revenue Ruling.  
S—Subsidiary.  
S.P.R.—Statement of Procedural Rules.  
Stat.—Statutes at Large.  
T—Target Corporation.  
T.C.—Tax Court.  
T.D.—Treasury Decision.  
TFE—Transferee.  
TFR—Transferor.  
T.I.R.—Technical Information Release.  
TP—Taxpayer.  
TR—Trust.  
TT—Trustee.  
U.S.C.—United States Code.  
X—Corporation.  
Y—Corporation.  
Z—Corporation.

## Numerical Finding List<sup>1</sup>

Bulletins 2010–1 through 2010–13

### Announcements:

2010-1, 2010-4 I.R.B. 333  
2010-2, 2010-2 I.R.B. 271  
2010-3, 2010-4 I.R.B. 333  
2010-4, 2010-5 I.R.B. 384  
2010-5, 2010-6 I.R.B. 402  
2010-6, 2010-6 I.R.B. 402  
2010-7, 2010-6 I.R.B. 403  
2010-8, 2010-7 I.R.B. 408  
2010-9, 2010-7 I.R.B. 408  
2010-10, 2010-7 I.R.B. 410  
2010-11, 2010-10 I.R.B. 438  
2010-12, 2010-7 I.R.B. 410  
2010-13, 2010-8 I.R.B. 426  
2010-14, 2010-11 I.R.B. 449  
2010-15, 2010-10 I.R.B. 438  
2010-16, 2010-11 I.R.B. 450  
2010-17, 2010-13 I.R.B. 515  
2010-18, 2010-12 I.R.B. 460

### Notices:

2010-1, 2010-2 I.R.B. 251  
2010-2, 2010-2 I.R.B. 251  
2010-3, 2010-2 I.R.B. 253  
2010-4, 2010-2 I.R.B. 253  
2010-5, 2010-2 I.R.B. 256  
2010-6, 2010-3 I.R.B. 275  
2010-7, 2010-3 I.R.B. 296  
2010-8, 2010-3 I.R.B. 297  
2010-9, 2010-3 I.R.B. 298  
2010-10, 2010-3 I.R.B. 299  
2010-11, 2010-4 I.R.B. 326  
2010-12, 2010-4 I.R.B. 326  
2010-13, 2010-4 I.R.B. 327  
2010-14, 2010-5 I.R.B. 344  
2010-15, 2010-6 I.R.B. 390  
2010-16, 2010-6 I.R.B. 396  
2010-19, 2010-7 I.R.B. 404  
2010-20, 2010-8 I.R.B. 422  
2010-21, 2010-12 I.R.B. 451  
2010-22, 2010-10 I.R.B. 435  
2010-23, 2010-11 I.R.B. 441  
2010-24, 2010-12 I.R.B. 452

### Proposed Regulations:

REG-132232-08, 2010-6 I.R.B. 401  
REG-137036-08, 2010-6 I.R.B. 398  
REG-101896-09, 2010-5 I.R.B. 347  
REG-117501-09, 2010-11 I.R.B. 442  
REG-131028-09, 2010-4 I.R.B. 332  
REG-148681-09, 2010-11 I.R.B. 443

### Revenue Procedures:

2010-1, 2010-1 I.R.B. 1  
2010-2, 2010-1 I.R.B. 90  
2010-3, 2010-1 I.R.B. 110  
2010-4, 2010-1 I.R.B. 122  
2010-5, 2010-1 I.R.B. 165  
2010-6, 2010-1 I.R.B. 193  
2010-7, 2010-1 I.R.B. 231  
2010-8, 2010-1 I.R.B. 234  
2010-9, 2010-2 I.R.B. 258  
2010-10, 2010-3 I.R.B. 300  
2010-11, 2010-2 I.R.B. 269  
2010-12, 2010-3 I.R.B. 302  
2010-13, 2010-4 I.R.B. 329  
2010-14, 2010-12 I.R.B. 456  
2010-15, 2010-7 I.R.B. 404  
2010-17, 2010-8 I.R.B. 425  
2010-18, 2010-9 I.R.B. 451  
2010-19, 2010-13 I.R.B. 469  
2010-21, 2010-13 I.R.B. 473

### Revenue Rulings:

2010-1, 2010-2 I.R.B. 248  
2010-2, 2010-3 I.R.B. 272  
2010-3, 2010-3 I.R.B. 272  
2010-4, 2010-4 I.R.B. 309  
2010-5, 2010-4 I.R.B. 312  
2010-6, 2010-6 I.R.B. 387  
2010-7, 2010-8 I.R.B. 417  
2010-8, 2010-10 I.R.B. 432  
2010-9, 2010-13 I.R.B. 461  
2010-10, 2010-13 I.R.B. 461

### Treasury Decisions:

9474, 2010-4 I.R.B. 322  
9475, 2010-4 I.R.B. 304  
9476, 2010-5 I.R.B. 336  
9477, 2010-6 I.R.B. 385  
9478, 2010-4 I.R.B. 315  
9480, 2010-11 I.R.B. 439

<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2009–27 through 2009–52 is in Internal Revenue Bulletin 2009–52, dated December 28, 2009.

## Finding List of Current Actions on Previously Published Items<sup>1</sup>

Bulletins 2010–1 through 2010–13

### Announcements:

#### 2009-51

Supplemented and superseded by  
Ann. 2010-16, 2010-11 I.R.B. 450

#### 2010-4

Corrected by  
Ann. 2010-10, 2010-7 I.R.B. 410

### Notices:

#### 2005-88

Superseded by  
Notice 2010-13, 2010-4 I.R.B. 327

#### 2008-41

Modified by  
Notice 2010-7, 2010-3 I.R.B. 296

#### 2008-55

Modified by  
Notice 2010-3, 2010-2 I.R.B. 253

#### 2008-88

Modified by  
Notice 2010-7, 2010-3 I.R.B. 296

#### 2008-113

Modified by  
Notice 2010-6, 2010-3 I.R.B. 275

#### 2008-115

Modified by  
Notice 2010-6, 2010-3 I.R.B. 275

#### 2009-11

Amplified by  
Notice 2010-9, 2010-3 I.R.B. 298

#### 2009-13

Obsoleted by  
T.D. 9478, 2010-4 I.R.B. 315  
REG-131028-09, 2010-4 I.R.B. 332

#### 2009-38

Amplified and superseded by  
Notice 2010-2, 2010-2 I.R.B. 251

#### 2009-62

Modified and supplemented by  
Notice 2010-23, 2010-11 I.R.B. 441

### Proposed Regulations:

#### REG-127270-06

Hearing scheduled by  
Ann. 2010-6, 2010-6 I.R.B. 402

### Revenue Procedures:

#### 80-59

Modified and superseded by  
Rev. Proc. 2010-11, 2010-2 I.R.B. 269

#### 87-35

Obsoleted by  
Rev. Proc. 2010-3, 2010-1 I.R.B. 110

#### 2008-14

Updated by  
Rev. Proc. 2010-15, 2010-7 I.R.B. 404

#### 2009-1

Superseded by  
Rev. Proc. 2010-1, 2010-1 I.R.B. 1

#### 2009-2

Superseded by  
Rev. Proc. 2010-2, 2010-1 I.R.B. 90

#### 2009-3

Superseded by  
Rev. Proc. 2010-3, 2010-1 I.R.B. 110

#### 2009-4

Superseded by  
Rev. Proc. 2010-4, 2010-1 I.R.B. 122

#### 2009-5

Superseded by  
Rev. Proc. 2010-5, 2010-1 I.R.B. 165

#### 2009-6

Superseded by  
Rev. Proc. 2010-6, 2010-1 I.R.B. 193

#### 2009-7

Superseded by  
Rev. Proc. 2010-7, 2010-1 I.R.B. 231

#### 2009-8

Superseded by  
Rev. Proc. 2010-8, 2010-1 I.R.B. 234

#### 2009-9

Superseded by  
Rev. Proc. 2010-9, 2010-2 I.R.B. 258

#### 2009-15

Amplified and superseded by  
Rev. Proc. 2010-12, 2010-3 I.R.B. 302

#### 2009-17

Superseded by  
Rev. Proc. 2010-21, 2010-13 I.R.B. 473

#### 2009-25

Superseded by  
Rev. Proc. 2010-3, 2010-1 I.R.B. 110

#### 2009-55

Corrected by  
Ann. 2010-11, 2010-10 I.R.B. 438

### Revenue Procedures— Continued:

#### 2010-1

Corrected by  
Ann. 2010-5, 2010-6 I.R.B. 402

### Revenue Rulings:

#### 67-436

Obsoleted by  
REG-101896-09, 2010-5 I.R.B. 347

#### 92-19

Supplemented in part by  
Rev. Rul. 2010-7, 2010-8 I.R.B. 417

#### 2008-52

Supplemented and superseded by  
Rev. Rul. 2010-2, 2010-3 I.R.B. 272

### Treasury Decisions:

#### 9424

Corrected by  
Ann. 2010-18, 2010-12 I.R.B. 460

#### 9443

Corrected by  
Ann. 2010-8, 2010-7 I.R.B. 408

#### 9458

Corrected by  
Ann. 2010-7, 2010-6 I.R.B. 403

<sup>1</sup> A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2009–27 through 2009–52 is in Internal Revenue Bulletin 2009–52, dated December 28, 2009.

# INDEX

## Internal Revenue Bulletins 2010–1 through 2010–13

The abbreviation and number in parenthesis following the index entry refer to the specific item; numbers in roman and italic type following the parenthesis refers to the Internal Revenue Bulletin in which the item may be found and the page number on which it appears.

### Key to Abbreviations:

Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
RR	Revenue Ruling
SPR	Statement of Procedural Rules
TC	Tax Convention
TD	Treasury Decision
TDO	Treasury Department Order

## EMPLOYEE PLANS

Correction of certain failures of nonqualified deferred compensation plans to comply with the plan document requirements of section 409A (Notice 6) 3, 275

Determination letters, issuing procedures (RP 6) 1, 193

### FBAR:

Administrative relief for signature authority and certain commingled funds (Notice 23) 11, 441

Filing requirements (Ann 16) 11, 450

Full funding limitations, weighted average interest rates, segment rates for:

January 2010 (Notice 14) 5, 344

February 2010 (Notice 20) 8, 422

March 2010 (Notice 24) 12, 452

### Letter rulings:

And determination letters, areas which will not be issued from:

Associates Chief Counsel and Division Counsel (TE/GE) (RP 3) 1, 110

Associate Chief Counsel (International) (RP 7) 1, 231

And general information letters, procedures (RP 4) 1, 122

User fees, request for letter rulings (RP 8) 1, 234

### Qualified plans:

Changes in funding method (Ann 3) 4, 384

Military services, HEART Act (Notice 15) 6, 390

Request for information regarding lifetime income options for participants and beneficiaries in retirement plans and IRAs (REG-148681-09) 12, 443

Technical advice to IRS employees (RP 5) 1, 165

## EMPLOYMENT TAX

Designation of section 3504 agent for FUTA tax purposes (REG-137036-08) 6, 398

Letter rulings and information letters issued by Associate Offices, determination letters issued by Operating Divisions (RP 1) 1, 1; correction (Ann 5) 6, 402

### Proposed regulations:

26 CFR 31.3504, revised; section 3504 agent employment tax liability (REG-137036-08) 6, 398

Technical Advice Memoranda (TAMs) (RP 2) 1, 90

## ESTATE TAX

### FBAR:

Administrative relief for signature authority and certain commingled funds (Notice 23) 11, 441

Filing requirements (Ann 16) 11, 450

Letter rulings and information letters issued by Associate Offices, determination letters issued by Operating Divisions (RP 1) 1, 1; correction (Ann 5) 6, 402

Technical Advice Memoranda (TAMs) (RP 2) 1, 90

## EXCISE TAX

Letter rulings and information letters issued by Associate Offices, determination letters issued by Operating Divisions (RP 1) 1, 1; correction (Ann 5) 6, 402

Technical Advice Memoranda (TAMs) (RP 2) 1, 90

## EXEMPT ORGANIZATIONS

### FBAR:

Administrative relief for signature authority and certain commingled funds (Notice 23) 11, 441

Filing requirements (Ann 16) 11, 450

### Letters rulings:

#### And determination letters:

Areas which will not be issued from Associates Chief Counsel and Division Counsel (TE/GE) (RP 3) 1, 110

And general information letters, procedures (RP 4) 1, 122

Exemption application determination letter rulings under sections 501 and 521 (RP 9) 2, 258

User fees, request for letter rulings (RP 8) 1, 234

Revocations (Ann 1) 4, 333; (Ann 4) 5, 384; correction (Ann 10) 7, 410; (Ann 13) 8, 426; (Ann 15) 10, 438; (Ann 14) 11, 449

Technical advice to IRS employees (RP 5) 1, 165

## GIFT TAX

### FBAR:

Administrative relief for signature authority and certain commingled funds (Notice 23) 11, 441

Filing requirements (Ann 16) 11, 450

## GIFT TAX—Cont.

Letter rulings and information letters issued by Associate Offices, determination letters issued by Operating Divisions (RP 1) 1, *I*; correction (Ann 5) 6, 402  
Technical Advice Memoranda (TAMs) (RP 2) 1, 90  
Treatment of transfers made in trust during 2010 (Notice 19) 7, 404

## INCOME TAX

Apportionment of tax items among the members of a controlled group of corporations (TD 9476) 5, 336  
Arbitrage treatment of certain perpetual funds (Notice 5) 2, 256  
Basis reporting by securities brokers and basis determination for stock (REG-101896-09) 5, 347  
Bonds:  
    Midwestern Disaster Area Bonds, Hurricane Ike Bonds, Gulf Opportunity Zone Bonds (Notice 10) 3, 299  
    Qualified zone academy bond limitation for 2010 (Notice 22) 10, 435  
    Reissuance of tax-exempt bonds (Notice 7) 3, 296  
Consumer Price Index (CPI) adjustments, certain loans under section 1274A for 2010 (RR 2) 3, 272  
Corporate reorganizations, distribution under sections 368(a)(1)(D) and 354(b)(1)(B) (TD 9475) 4, 304  
Credits, low-income housing tax credit, 2010 population figures used for calculation (Notice 21) 12, 451  
Damages received on account of personal physical injuries or physical sickness, hearing on REG-127270-06 (Ann 6) 6, 402  
Deemed dispositions by individuals emigrating from Canada (RP 19) 13, 469  
Depreciation, 2010, limitations on depreciation deductions for passenger automobiles (RP 18) 9, 427  
Disclosure of activity grouping under Code section 469 (RP 13) 4, 329  
Disclosure or use of information by return preparers:  
    Amendments to section 7216 regulations (TD 9478) 4, 315; (REG-131028-09) 4, 332  
    In communicating with taxpayers (RR 4) 4, 309  
    In connection with professional liability insurance (RR 5) 4, 312  
Disciplinary actions involving attorneys, certified public accountants, enrolled agents, and enrolled actuaries (Ann 12) 7, 410  
Electronic filing, waiver request procedures (Notice 13) 4, 327  
Employer-provided vehicles, cents-per-mile rule, maximum 2010 values for vehicle (RP 10) 3, 301  
Extension of timeframe for disclosures to persons designated in a written request or consent pursuant to section 6103(c) (Notice 8) 3, 297  
Extension of time to submit comments on Announcement 2010-9, regarding reporting uncertain tax positions, draft schedule, and implementation date (Ann 17) 13, 515  
FBAR:  
    Administrative relief for signature authority and certain commingled funds (Notice 23) 11, 441  
    Filing requirements (Ann 16) 11, 450

## INCOME TAX—Cont.

Foreign earned income exclusion (RP 17) 8, 425  
Information reporting, deadline to furnish payee statements (Notice 9) 3, 298  
Insurance companies:  
    Interest rate tables (RR 7) 8, 417  
    Loss payment patterns and discount factors for the 2009 accident year, correction to RP 2009-55 (Ann 11) 10, 438  
Interest:  
    Certain applicable high yield discount obligations issued in 2010 (Notice 11) 4, 326  
Investment:  
    Federal short-term, mid-term, and long-term rates for:  
        January 2010 (RR 1) 2, 248;  
        February 2010 (RR 6) 6, 387  
        March 2010 (RR 8) 10, 432  
    Rates, underpayments and overpayments, quarter beginning: April 1, 2010 (RR 9) 13, 461  
Investment in U.S. property, extension of regulations (Notice 12) 4, 326  
Letter rulings:  
    And determination letters, areas which will not be issued from:  
        Associate Chief Counsel and Division Counsel (TE/GE) (RP 3) 1, 110  
        Associates Chief Counsel (International) (RP 7) 1, 231  
    And information letters issued by Associate Offices, determination letters issued by Operating Divisions (RP 1) 1, *I*; correction (Ann 5) 6, 402  
Like-kind exchanges (RP 14) 12, 456  
Modification to consolidated return regulation (TD 9458) permitting an election to treat a liquidation of a target, followed by a retribution to a new target, as a cross-chain reorganization (Ann 7) 6, 403  
Penalties, substantial understatement, preparer penalty (RP 15) 7, 404  
Personal exemption, additional for Hurricane Katrina displaced individuals (TD 9474) 4, 322  
Postponement of certain tax-related deadlines by reason of a federally declared disaster or terroristic or military action, correction to TD 9443 (Ann 8) 7, 408  
Proposed Regulations:  
    26 CFR 1.304-4 revised; use of controlled corporations to avoid the application of section 304 (REG-132232-08) 6, 401  
    26 CFR 1.408-7, amended; 1.1012-1, amended; 1.6039-2, amended; 1.6042-4, amended; 1.6044-5, amended; 1.6045-1 thru -5, amended; 1.6045A-1, added; 1.6045B-1, added; 1.6049-6, amended; 31.3406(b)(3)-2, amended; 31.6051-4, amended; 301.6721-1, amended; 301.6722-1, amended; basis reporting by securities brokers and basis determination for stock (REG-101896-09) 5, 347  
    26 CFR 1.6654-2, amended; reduced 2009 estimated income tax payments for individuals with small business income (REG-117501-09) 11, 466

## INCOME TAX—Cont.

26 CFR 301.7216–2, amended; amendments to section 7216 regulations-disclosure or use of information by preparers of returns (REG–131028–09) 4, 332

### Publication:

1167, General Rules and Specifications for Substitute Forms and Schedules (RP 21) 13, 473

Qualified disaster, Haiti earthquake occurring in January 2010 (Notice 16) 6, 396

Reduced 2009 estimated income tax payments for individuals with small business income (TD 9480) 11, 439; (REG–117501–09) 11, 442

### Regulations:

26 CFR 1.304–4, added; 1.304–4T, revised; use of controlled corporations to avoid the application of section 304 (TD 9477) 6, 385

26 CFR 1.358–2, amended; 1.368–2, amended; 1.368–2T, removed; 1.1502–13, amended; corporate reorganizations, distribution under sections 368(a)(1)(D) and 354(b)(1)(B) (TD 9475) 4, 304

26 CFR 1.924(a), amended; 1.1502–43, amended; 1.1502–43T, removed; 1.1502–47, amended; 1.1502–47T, removed; 1.561–0 thru –3, added; 1.1561–0T thru –3T, removed; apportionment of tax items among the members of a controlled groups of corporation (TD 9476) 5, 336

26 CFR 1.1502–13T, amended; modification to consolidated return regulation permitting an election to treat a liquidation of a target, followed by a recontribution to a new target, as a cross-chain reorganization; correction to TD 9458 (Ann 7) 6, 403

26 CFR 1.6654–2, amended; 1.6654–2T, added; reduced 2009 estimated income tax payments for individuals with small business income (TD 9480) 11, 439

26 CFR 1.9300–1, added; 1.9300–1T, removed; reduction in taxable income for housing Hurricane Katrina displaced individuals (TD 9474) 4, 322

26 CFR 301.7216–0, –2, amended; 301.7216–0T, –2T, added; amendments to section 7216 regulations-disclosure or use of information by preparers of returns (TD 9478) 4, 315

Requirements, trustee of a blind trust (RP 11) 2, 269

Revocations, exempt organizations (Ann 1) 4, 333; (Ann 4) 5, 384; correction (Ann 10) 7, 410; (Ann 13) 8, 426; (Ann 15) 10, 438; (Ann 14) 11, 449

Section 305 distributions of stock (RP 12) 3, 302

Section 338 election, qualified foreign contract (Notice 1) 2, 251

Section 382 limitation, ownership changes, pre-change losses (Notice 2) 2, 251

Section 385, auction rate preferred stock (Notice 3) 2, 253

Section 1256(g)(7)(C) qualified board or exchange (RR 3) 3, 272

Standard Industry Fare Level (SIFL) formula (RR 10) 13, 461

Substitute forms and schedules, general rules and specifications (RP 21) 13, 473

Technical Advice Memoranda (TAMs) (RP 2) 1, 90

### Tax conventions:

U.S.-Canada Tax Convention, Article XIII(7) election (RP 19) 13, 469

## INCOME TAX—Cont.

U.S.-Germany agreement with respect to consular employees (Ann 2) 2, 271

Transfers of stock or securities to foreign corporations under section 304 (TD 9477) 6, 385; (REG–132232–08) 6, 401

Uncertain tax positions, policy of restraint (Ann 9) 7, 408

Unified rule for loss on subsidiary stock, correction to TD 9424 (Ann 18) 12, 460

Widely held fixed investment trusts (WHIFT) transition guidance (Notice 4) 2, 253

## SELF-EMPLOYMENT TAX

Letter rulings and information letters issued by Associate Offices, determination letters issued by Operating Divisions (RP 1) 1, 1; correction (Ann 5) 6, 402

Technical Advice Memoranda (TAMs) (RP 2) 1, 90











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